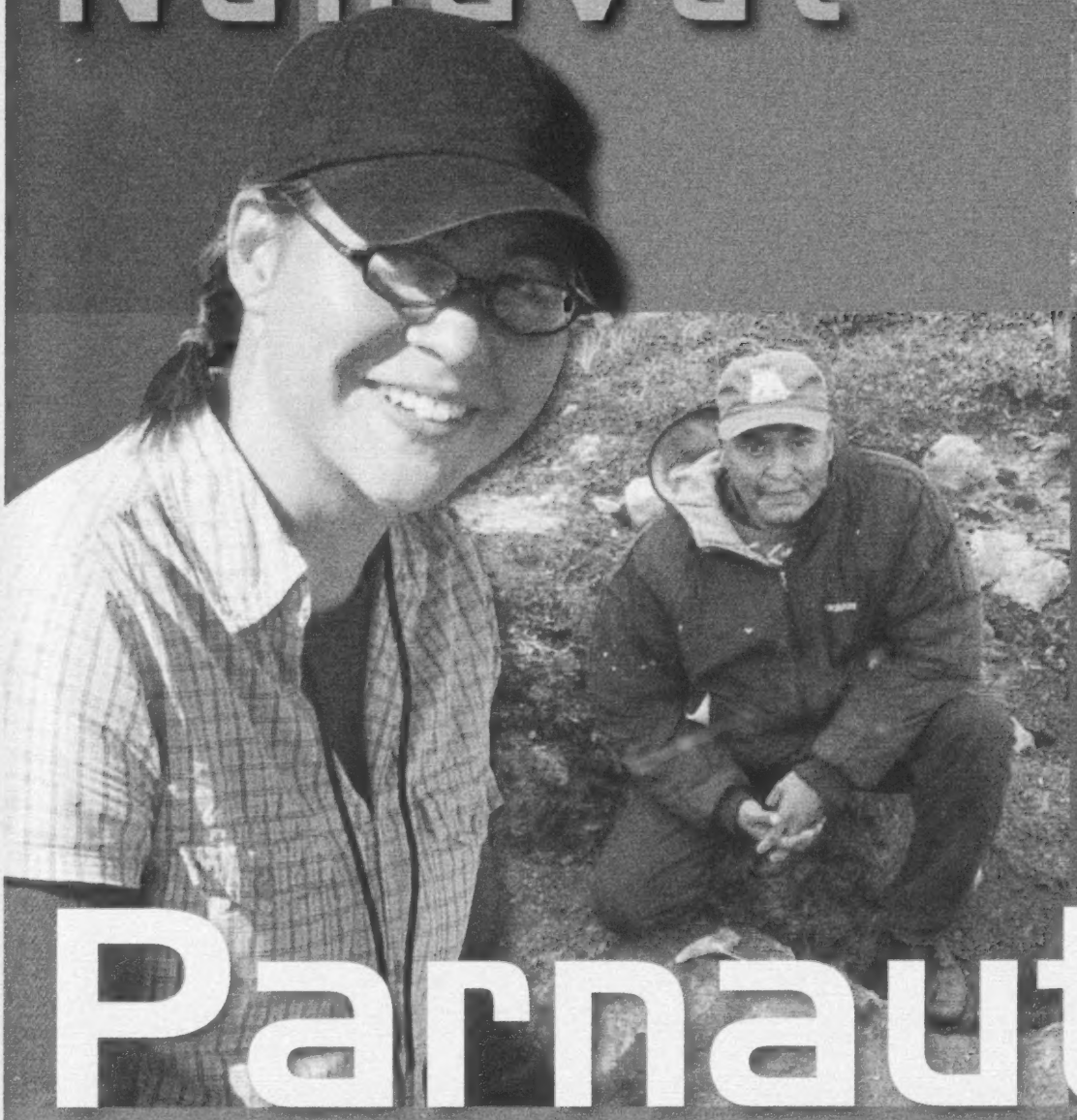
Nunavut



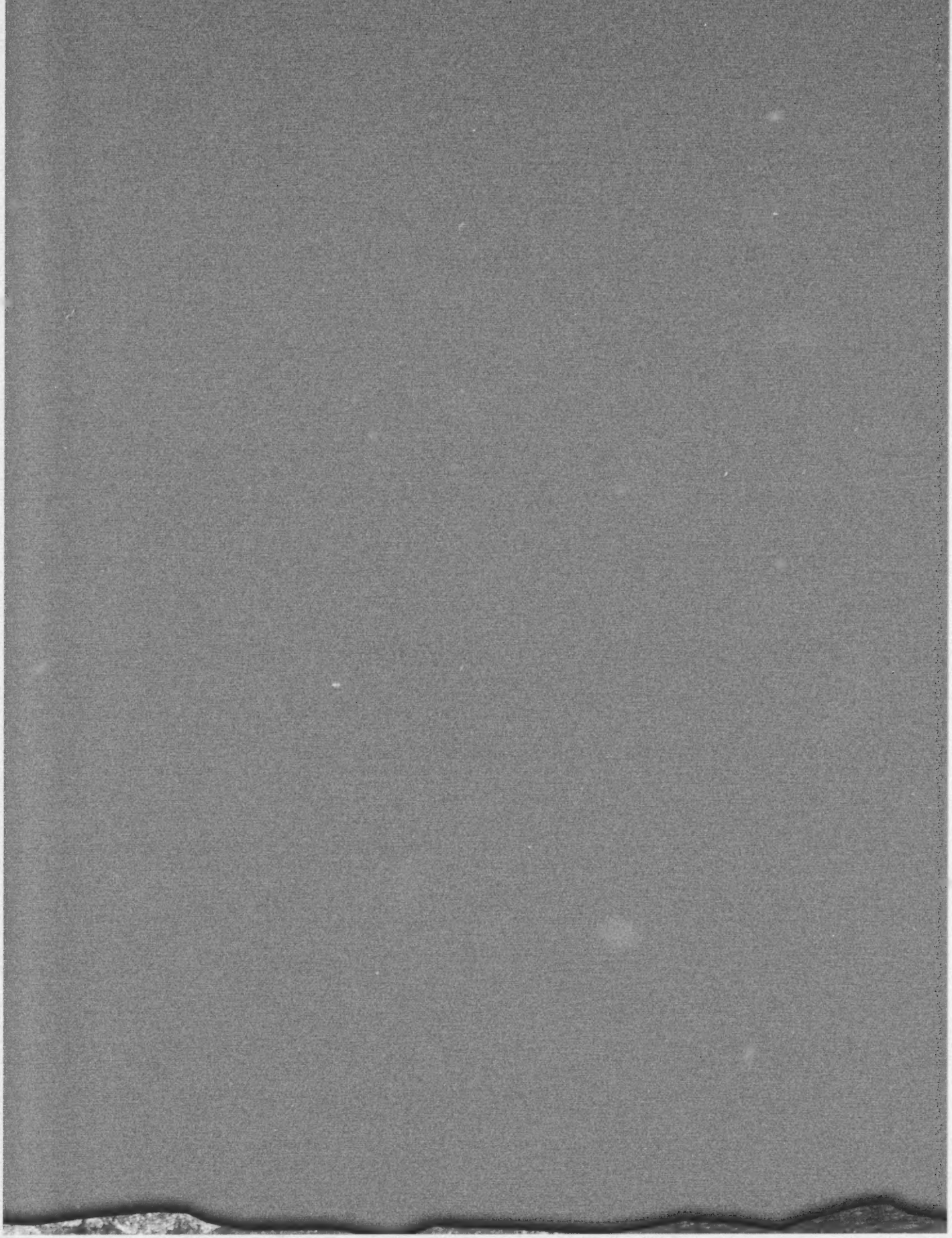
Parnautit

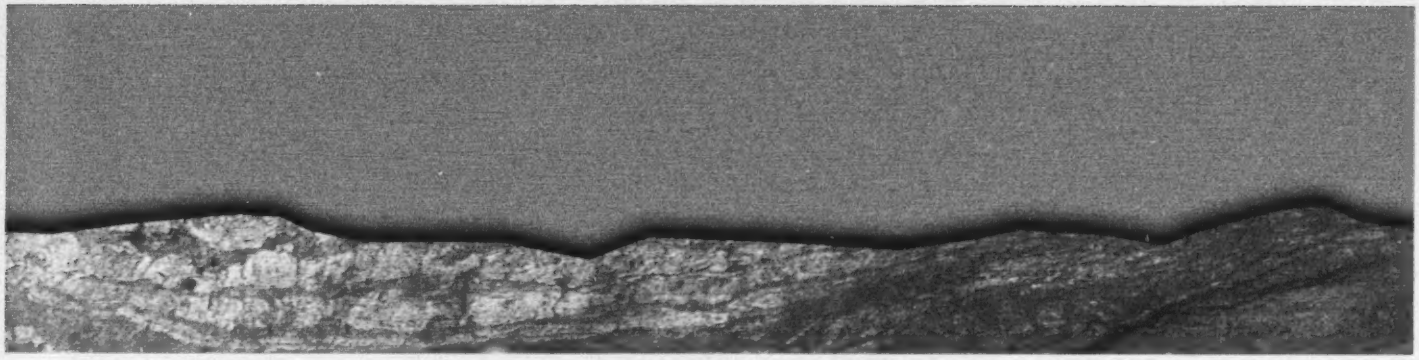
A foundation for the future

Mineral
Exploration and
Mining Strategy

Department of
Economic Development
& Transportation

Nunavut





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Message from the Premier

Since the formation of Nunavut in 1999, we have made significant investments in our human resources capacity and our economic infrastructure. With our public service base prepared we are now building a private sector market economy that is open to investors.

Our territory is an increasingly attractive location for investment in natural resource exploration and development. Since 1999 mineral exploration investment has increased five-fold and Nunavut is now the northern leader in exploration investment. As a result of investor interest we now have our first operating diamond mine and two gold projects in the permitting stage. We are also seeing growing interest in our known deposits of uranium, silver, nickel, copper, iron ore and coloured gemstones.

Along with the vast and largely untapped mineral potential Nunavut also has oil and gas. It's estimated that we have up to 15 per cent of Canada's total petroleum reserves. With changing market conditions we look forward to renewed exploration and development.

We are preparing for growth today. We have Canada's lowest personal income tax rates, no sales or capital tax, and our small business and corporate taxes are among the lowest in the country. We also offer a performance based fuel tax rebate for off road economic development activity. Along with ensuring that you are not overtaxed we are also making sure that you are not overregulated. Our government is reviewing our business regulations and making recommendations on streamlining or eliminating regulatory barriers to business development.

We have a wealth of resources, a growing economy, breathtaking landscapes and a unique culture to share with the rest of the world. I welcome you to come north and discover the vastness and potential of our land, the depths of our untapped riches and the legacy of our culture.

Premier Paul Okalik

Message from the Minister

On behalf of the Government of Nunavut, I am pleased to introduce ***Parnautit:*** *the Nunavut Mineral Exploration and Mining Strategy.*

Building a strong and sustainable economy in Nunavut is a fundamental objective of our government. Fostering a robust exploration and mining industry is a central part of that plan. Nunavut is a vast territory, with a rich and varied geological history. Its natural resource potential remains largely unexplored and untapped, presenting an unrivalled opportunity for interested investors, mining companies and our citizens alike.

As legislative and regulatory responsibilities transfer from a federal to a territorial mandate, we have the opportunity to craft a jurisdictional framework particular to Nunavut.

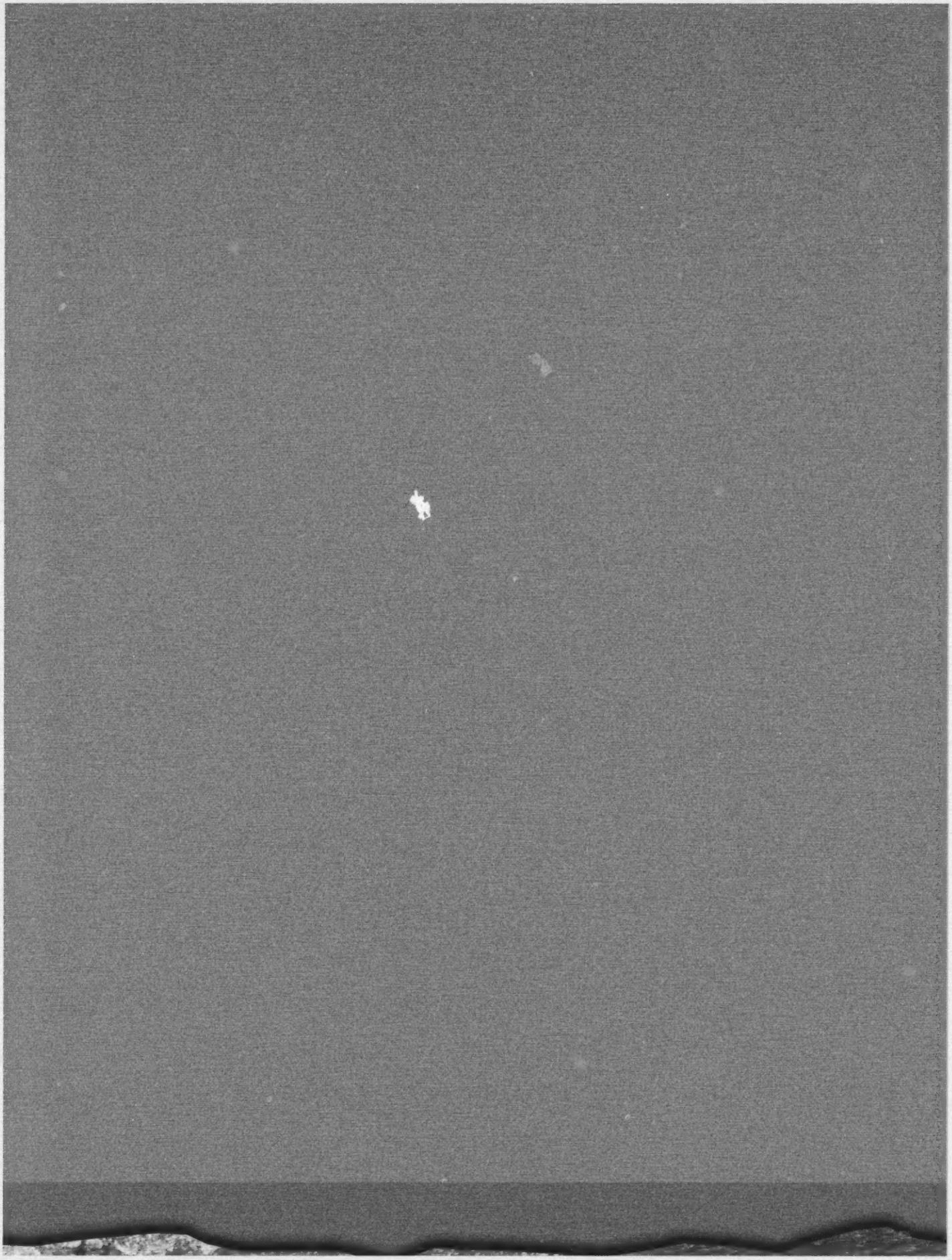
We strongly encourage community engagement throughout the mining cycle, so that Nunavummiut may participate and contribute fully. As a government we are committed to a broad range of educational and public outreach initiatives to support this. We recognize the need for infrastructure development in Nunavut (both physical and knowledge-based infrastructure), and support a collaborative approach with industry, particularly where proposed construction may have benefit beyond the mining operation itself.

As we move forward with development we must retain a balanced and sustainable approach to development. The *Mining Strategy* charts a plan of action to draft appropriate policy and implement progressive, supporting programs to help us achieve our objectives.

To Nunavummiut, mining companies and investors, the message and spirit of ***Parnautit*** is clear: We will be prepared for the arrival of a new era of mining development in our land.

Welcome to Nunavut.

Honourable David Simailak
Minister of Economic Development & Transportation



Executive Summary

The *Mineral Exploration and Mining Strategy* is the plan of the Government of Nunavut to create opportunities for the future self-reliance of Nunavut and Nunavummiut through the sustainable development of our mineral resources. It is intended to guide that development in the period leading up to the devolution of management responsibilities for lands and resources from the federal government.

The goal of the strategy is: "To create the conditions for a strong and sustainable minerals industry that contributes to a high and sustainable quality of life for all Nunavummiut."

The *Mineral Exploration and Mining Strategy* is built on the Government's vision contained in ***Pinasuaqtavut*** and on **Inuit Qaujimajatuqangit.** The Strategy rests securely on the following four Pillars. These Pillars are the frameworks for the Policies and Action Plans of the Strategy, which determine how we will actively engage Nunavummiut in the mineral exploration and mining industry.

Pillar 1 – Jurisdictional Framework

We must put a solid foundation of sound legislation, regulations, and policies in place to facilitate the development of a mining industry that will achieve our vision.

Pillar 2 – Community Benefits

We need to find the strategies and initiatives that will build on our strengths and allow our people and communities to become full participants with a true sense of ownership in our minerals economy.

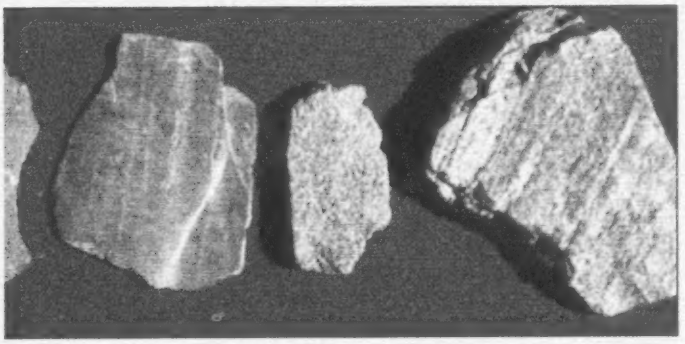
Pillars 3 - Infrastructure Development

We must take advantage of opportunities to improve and build our infrastructure so that developments in one sector of our economy provide broad benefits throughout other economic sectors.

Pillar 4 – Environmental Stewardship

At all times we must recognize the importance of protecting our environment and ensuring that the environmental effects of mining are always minimized and that the industry earns respect and acknowledgement as being a guardian of a clean and healthy environment.

Within these Pillars there are 16 policy positions and 22 action items. The policy positions will establish a clear policy framework for the Government of Nunavut's support for mineral exploration and mining. The action items will prepare Nunavut to ensure the mining industry provides substantive and sustainable benefits to the territory and that negative impacts are minimized.



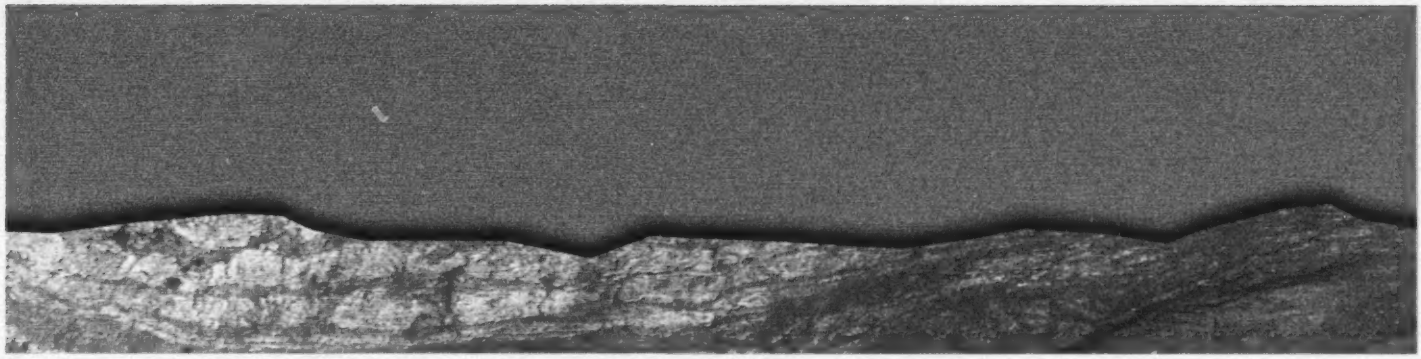
Introduction

In 2001, the Government of Nunavut (GN) in partnership with Nunavut Tunngavik Incorporated (NTI) and Indian and Northern Affairs Canada (INAC) completed a review of the future economic outlook for Nunavut. In 2003, in a cooperative initiative with the federal government, Nunavut Tunngavik Incorporated and a number of other Nunavut-based organizations, the *Nunavut Economic Strategy* set out a vision for Nunavut's economic future. That vision effectively focused all economic issues on the much broader issue of quality of life for Nunavummiut. The strategy states: "We believe that Nunavummiut need strong community and territorial economies to attain the goal of a high and sustainable quality of life."

Following the *Nunavut Economic Strategy's* goal, the *Nunavut Mineral Exploration and Mining Strategy's* goal is:

> *"To create the conditions for a strong and sustainable minerals industry that contributes to a high and sustainable quality of life for all Nunavummiut."*

The mandate to develop and implement this Strategy is set out in ***Pinasuaqtavut: 2004 – 2009*** (the guiding document for this term of the government), where the Government of Nunavut sets out to- "Develop Nunavut's economy, private sector and job market by aggressively implementing the *Nunavut Economic Development Strategy's* focus on mining..." While ***Pinasuaqtavut*** also identifies other important sectors of

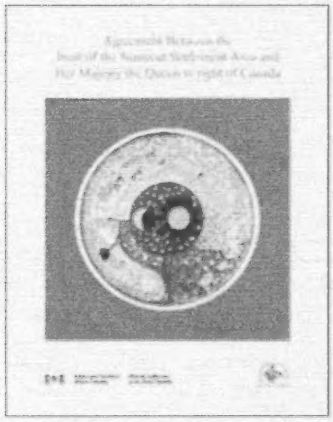


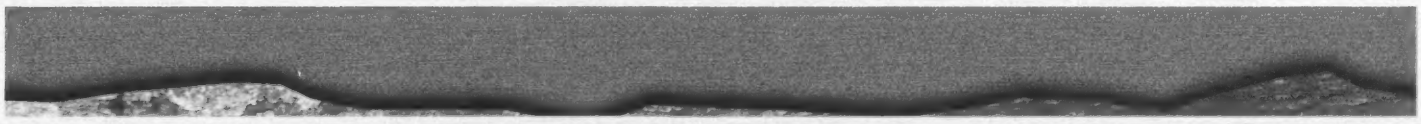
Nunavut's economy, like the Nunavut Economic Outlook it recognizes the key role for the mining sector in providing the opportunities for high levels of employment and economic activity that will lead to substantial social and economic benefits in every Nunavut community.

The building of a foundation for development in Nunavut was started in 1993 with the signing of the *Nunavut Land Claims Agreement* (NLCA). This set out the roles of Inuit organizations, and the federal and territorial governments. It also established Institutions of Public Government to allow for the co-management of land, water and wildlife between Inuit organizations and government.

The NLCA also granted Inuit fee simple title to over 356,000 square kilometres of land representing over 17% of Nunavut. Included within this is 38,000 square kilometres of land, on which Inuit have been granted the rights to all sub-surface minerals.

Since that time Inuit organizations have been building their capacity to manage the lands and resources under their control. In 1999 when Nunavut was created, Indian and Northern Affairs Canada began to build its capacity to manage the provincial-type responsibilities for land and resource management on Crown lands. In December of 2004, the Prime Minister and the Premier of Nunavut announced the time line for the devolution of land and resource management from the federal government to the territorial government. The announcement looked at concluding a final agreement by December 2008 with final implementation to follow.





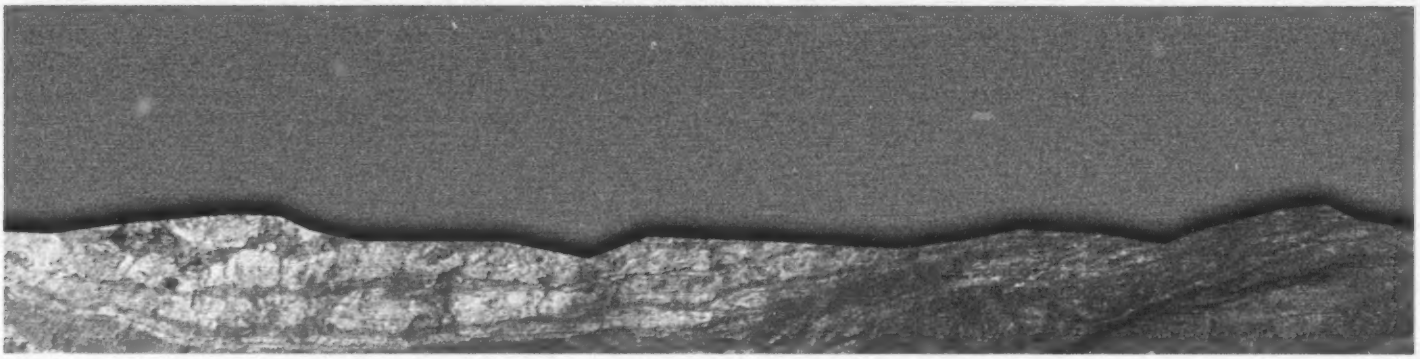
Guiding Principles for the Strategy

Nunavut is well positioned for government and Inuit organizations to work together to identify the priorities of Nunavummiut in the development of the minerals sector of our economy. The Nunavut Mineral Exploration and Mining Strategy builds on Nunavut Tunngavik Incorporated's mining policy and looks to establish a vision where Inuit, the federal government and the Government of Nunavut can work in partnership to implement the goals set out in this Strategy for the benefit of all Nunavummiut.

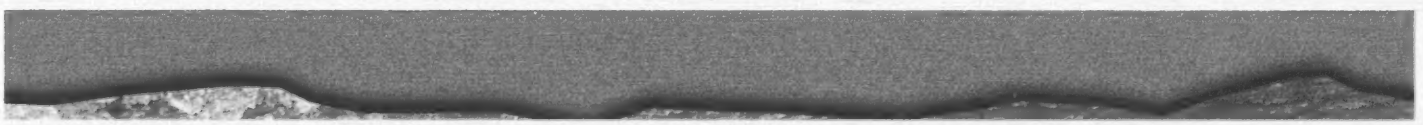
A strong and sustainable mining industry will have operating mines throughout the territory providing employment and business opportunities. This will require a high level of exploration activity resulting in new mineral discoveries and developments with new mines coming into production as older mines are closed and reclaimed. Key features of the vision are:

- Provides long term social and economic benefits to Nunavummiut
- Contributes to Nunavut's economic goals
- Works to protect the environment and minimize impacts
- Is attractive to investors

Inuit Qaujimajatuqangit (IQ), or Inuit traditional knowledge and societal values, forms the basis of all GN policy. The following IQ principles identified in ***Pinasuaqtavut*** were used to guide the development of the *Mineral Exploration and Mining Strategy*, and must be kept in mind throughout its implementation.



Inuuqatigiitsiarniq	Respect others, relationships and care for people;
Tunnganarniq	Foster good spirit by being open, welcoming and inclusive;
Pijitsirniq	Respect and provide for community, family and individuals;
Aajiiqatigiingniq	Have regard for the Inuit way of decision-making; employ discussion and build understanding;
Pilimmaksarnik	Enable knowledge and skills to be passed on through observation and practice;
Piliriqatigiingniq	Ensure people collaboratively work together for a common purpose;
Qanuqtuurunnarniq	Encourage people to be resourceful and work to solve problems;
Avatimik Kamattiarniq	In all things have respect for the environment and ensure it is protected.



Strategy Foundation

In order to draft and implement a *Mineral Exploration and Mining Strategy* that is consistent with ***Pinasuaqtavut*** and **Inuit Qaujimajatuqangit** as well as with the Government's Vision and fundamental commitments to Nunavummiut, the Strategy must rest securely on the following four Pillars.

These Pillars are the frameworks for the Policies and Action Plans of the Strategy, which determine how we will actively engage Nunavummiut in the mineral exploration and mining industry.

- Pillar 1 – We must put a solid **foundation** of sound legislation, regulations, and policies in place to facilitate the development of a mining industry that will achieve our vision.
- Pillar 2 – We need to develop the strategies and initiatives that will build on our strengths and allow **our people and communities** to become full participants with a true sense of ownership in our minerals economy.
- Pillar 3 – We must take advantage of opportunities to improve and build our **infrastructure** so that developments in one sector of our economy provide broad benefits throughout other economic sectors.
- Pillar 4 – At all times we must recognize the importance of protecting our **environment** and ensuring that the environmental effects of mining are always minimized and that the industry earns respect and acknowledgement as being a guardian of a clean and healthy environment.

Strategy Timeline

This strategy is intended to prepare Nunavut in the period leading up to the final implementation of a devolution agreement on the transfer of management responsibilities for land and resources. While the purpose, vision, and policies are long term, the actions will focus on issues that the GN needs to address over the next three to five years as we move toward more involvement and control of the key drivers of our economy.

Some of the key Actions will require specific planning and the commitment of new resources. These Actions will be further defined in an implementation document that will follow.

Pillar I

Jurisdictional Framework

The final report on the Mining, Minerals and Sustainable Development Project[1] identified poor governance as a significant contributor to problems associated with the mining industry. The proper governance structures are a prerequisite for Nunavut achieving its vision for the minerals sector.

The governance of the mining industry in Nunavut largely rests with the federal government who, through Indian and Northern Affairs Canada, is managing the Provincial-type jurisdictional responsibilities for Nunavut until those responsibilities are devolved to the Government of Nunavut.

One of the key principles of good governance is the requirement that decisions be made as close as possible to the people those decisions will affect. Devolution will be a significant step toward improving governance in Nunavut.

The mandate for Indian and Northern Affairs Canada is contained in the *Act* that created the department in 1966. The *Act* sets out the responsibility of the Minister to manage the resources of the territories for the people of the territories. Clause 4(b) states that the resources belong to the territories and the *Act* implies that they are to be managed in a trustee relationship by the federal department.

Further clarity was provided in a letter from the Prime Minister to the Minister of Mines and Technical Surveys, who was responsible for other federal lands and resources. The Prime Minister wrote:

> *"The Department of Northern Affairs is in reality, operating with regard to the northern territories in essentially a 'trust' relationship in regard to the northern territories..."*

[1] International Institute for Environment and Development, 2002; *Breaking New Ground – Report on the Mining, Minerals and Sustainable Development Project.*

CANADA
Geology of Nunavut
ARCTIC OCEAN
OCÉAN ARCTIQUE
QUEEN ELIZABETH ISLANDS
ÎLES DE LA REINE-ELISABETH
BANKS ISLAND
VICTORIA ISLAND
BAFFIN BAY
BAIE DE BAFFIN
DAVIS STRAIT
DÉTROIT DE DAVIS
HUDSON BAY
BAIE D'HUDSON
HUDSON BAY
BAIE D'HUDSON

In December of 2004, the federal government moved on its commitment to transfer management of resources to the territorial government:

> *"In addition, consistent with its commitment to the devolution of provincial-type responsibilities to northern governments, the Government of Canada will, within a year, begin devolution negotiations with Nunavut. The Government of Canada and the Government of Nunavut would like to reach an agreement on devolution as quickly as possible, and have set a goal of reaching a final agreement by December 2008." (News release December 14, 2004; First Ministers Partner on Northern Strategy")*

The Government of Nunavut is committed to reviewing the existing jurisdictional framework in partnership with NTI and INAC and taking a leadership role in addressing key issues in preparation for devolution.

Objective 1: Legislation

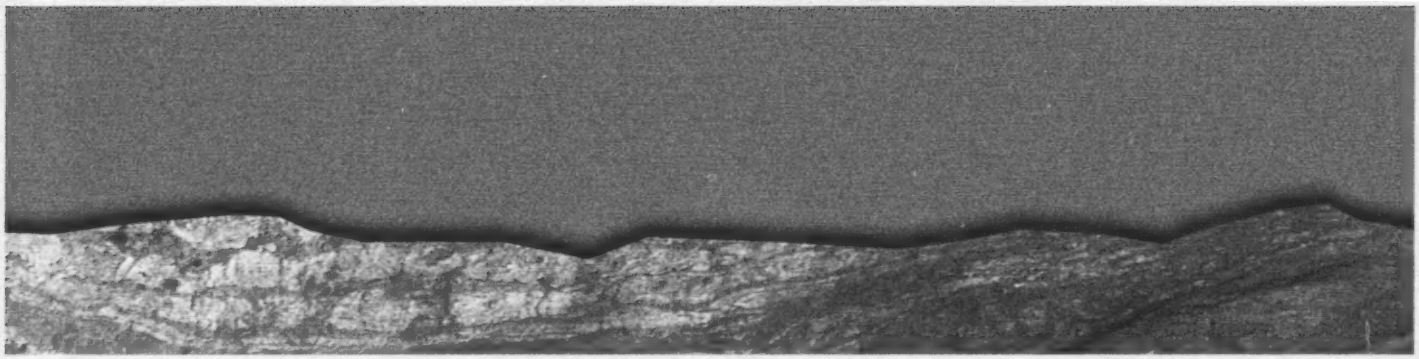
Ensure Nunavut has modern legislation that supports our vision for the development of the minerals sector and protection of our environment.

The first part of ensuring that the jurisdictional framework supports the Government of Nunavut's vision is making sure that a foundation of modern legislation is in place. This legislation provides the legal framework for how mineral exploration and mining activities will be managed and gives guidance to industry and government.

Legislation Flowing from the *Nunavut Land Claims Agreement*

The *Nunavut Land Claims Agreement* provides a strong framework for the development of resource management legislation that is grounded in community engagement. The NLCA created five land and resource management institutions:

- Nunavut Surface Rights Tribunal (NSRT)
- Nunavut Planning Commission (NPC)
- Nunavut Impact Review Board (NIRB)
- Nunavut Water Board (NWB)
- Nunavut Wildlife Management Board (NWMB)



The Surface Rights Tribunal was created six months after the ratification of the land claim with the other institutions being created two years after ratification.

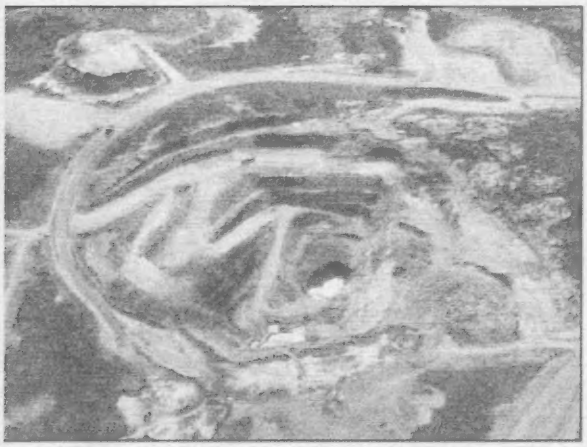
While the NLCA provides the framework for the structure and operation of the boards, it was intended that legislation formalizing the establishment and function of the boards would follow. In 2002, the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* was passed formally establishing the Nunavut Water Board and the Surface Rights Tribunal.

In June of 2002, the process was begun to complete the establishment legislation for the Nunavut Impact Review Board and the Nunavut Planning Commission.

A working group of officials led by INAC was created; this group also included the Government of Nunavut, Nunavut Tunngavik Incorporated, and representatives from the Nunavut Planning Commission and the Nunavut Impact Review Board. The first draft of this legislation is still being developed.

Action 1-1
Legislation

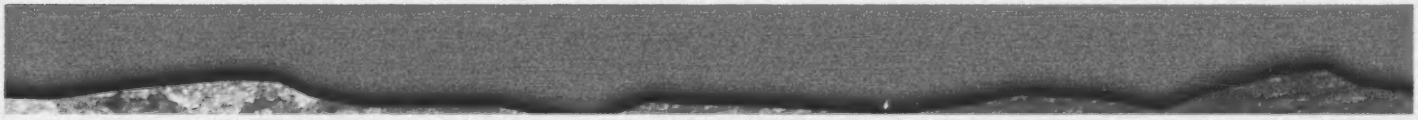
The Government of Nunavut will continue to work with INAC and NTI, in close consultation with the Nunavut Planning Commission and the Nunavut Impact Review Board to complete establishment legislation on a high priority basis.

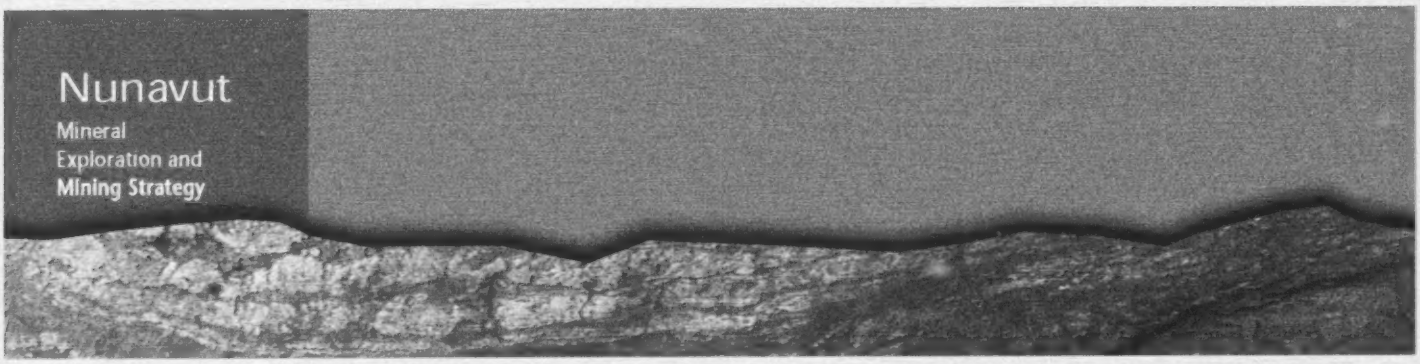


Development of a *Nunavut Mines Act*

In Nunavut and the Northwest Territories mineral exploration and mining is regulated under the *Territorial Lands Act*. This legislation regulates Crown interest in lands, and under the *Canada Mining Regulations*, Crown interests in mineral resources.

The *Act* only regulates mineral exploration and mining activity to the extent it impacts Crown lands. The





Act was originally passed in 1952 and since then most other jurisdictions in the world have moved to laws of general application for the management and regulation of mineral exploration and mining activity.

The lack of modern legislation creates a regulatory gap where mineral exploration and mining activity is regulated differently on Crown land, versus Commissioner's land, Inuit owned lands, or private lands.

Action 1-2
Nunavut Mines Act

The Government of Nunavut will work with INAC, NTI, and the Regional Inuit Associations (RIAs) on the development of a *Mines Act* of general application for Nunavut.

Development of a *Nunavut Mineral Tenure Act* and Electronic Map Staking

Under the *Territorial Lands Act* the staking and recording of mineral claims in Nunavut is regulated by the *Canada Mining Regulations*. These regulations were never well suited to Nunavut's vast, remote and treeless expanses. Ground staking of mineral tenure is an expensive, uncertain, and unnecessary process for acquiring mineral tenure. The process diverts resources away from productive exploration.

Many jurisdictions have moved to some form of electronic map staking. The key advantages of this are: legal certainty, timeliness, safety, efficiency, and reduction of environmental impact.

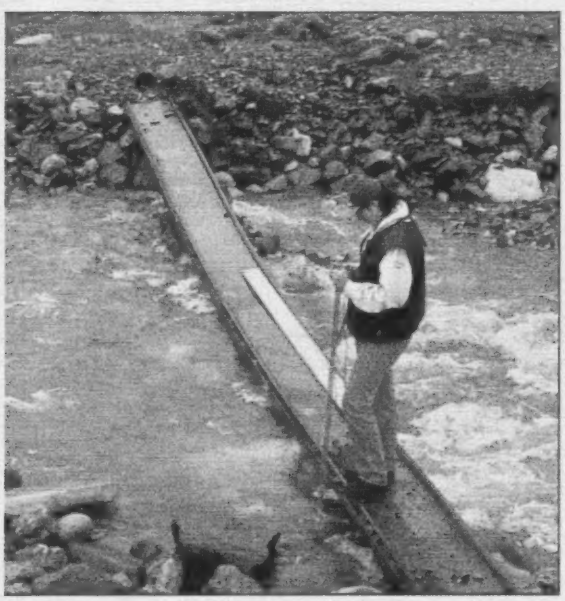
Action 1-3
Mineral Tenure Act for Nunavut

The Government of Nunavut will work with INAC, NTI, and the Regional Inuit Associations on the development of a modern *Mineral Tenure Act* for Nunavut that will incorporate electronic map staking.

Objective 2: Regulatory Structures

Establish and support regulatory structures that are effective in ensuring protection of the environment, and build positive cooperative relationships between government, industry, and communities.

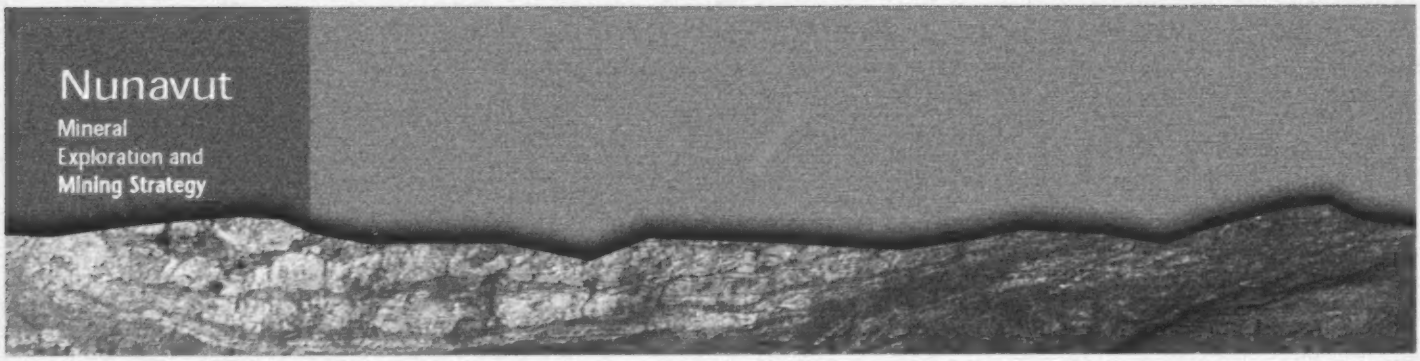
Once the foundation of modern legislation is in place the regulatory structures and any required regulations that implement the legislation need to be clearly established, defined, and supported. In addition to the key regulatory structures there are a significant number of other regulations that apply to mineral exploration.



Development of Regulations under the *Nunavut Waters Act*

In 2002, the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* was passed. Under that legislation the regulations from the *Northwest Territories Water Act* were adopted as a stopgap measure until new regulations could be developed and implemented.

The Nunavut Water Board requested that the lower threshold for activity not requiring a water licence be exempted from the regulations. The lack of a threshold for activity that does not require a water licence places an administrative burden on the board and delays activities that are well below the threshold of concern.

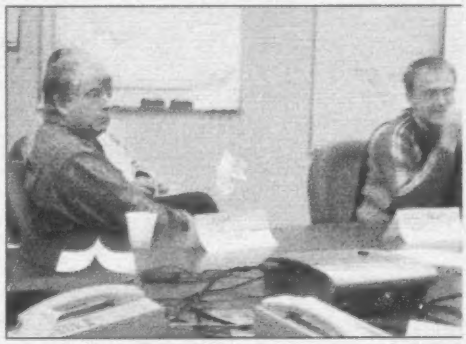


Action 1-4
Nunavut Water Regulations

The Government of Nunavut will request that INAC begin a process for developing Nunavut-specific water regulations under the *Nunavut Water and Nunavut Surface Rights Tribunal Act*. The regulations will have appropriate thresholds to ensure that water use is efficiently and effectively regulated.

Regulatory Entry Point

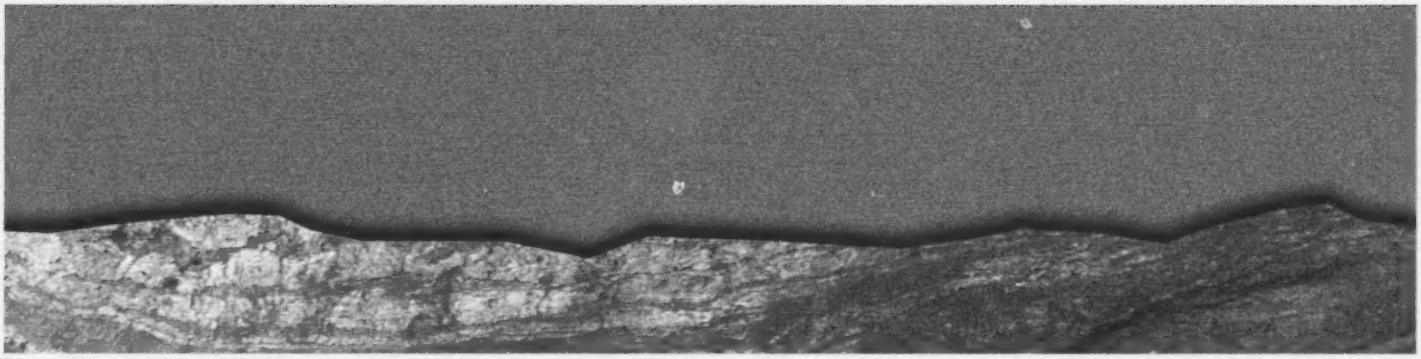
The *Nunavut Land Claims Agreement* envisioned a one-window process where all project proposals would be sent to the Nunavut Planning Commission to be checked for conformity with the local land use plan, and to assess whether there might be concerns with respect to cumulative effects. Implementation of this one-window system would expedite the regulatory process in Nunavut.



All project proposals can be submitted electronically to the Nunavut Planning Commission who will check for conformity with the local land use plan, assess cumulative impacts, and determine whether the project may require an environmental assessment and therefore must go to the Nunavut Impact Review Board for screening.

Policy Statement 1-1
One-window Entry Point

The Government of Nunavut supports the establishment of the Nunavut Planning Commission as a one-window entry point into the permitting process for mineral exploration and mining in Nunavut.



Regulatory Review

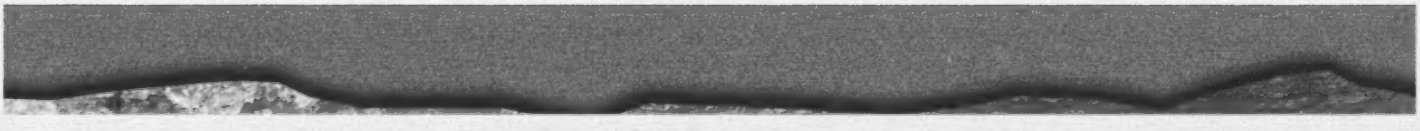
Concerns have been raised with regards to the complicated and slow regulatory and permitting processes for all activities ranging from government and academic research, to small-scale mineral exploration programs, to major development projects. This is compounded by challenges faced by permitting authorities and regulatory boards in building and maintaining staff capacity. This was raised as an issue that could impact mineral activity and economic development.

Action 1-5
Review of Permitting and Regulatory Structures

The Government of Nunavut will commission an independent review of the permitting and regulatory structures in the territory.

Action 1-6
Workshop on Permitting and Regulation

Following an independent review, the Government of Nunavut will facilitate a workshop in partnership with the federal government, Nunavut Tunngavik Incorporated, the three Regional Inuit Associations, Nunavut Planning Commission, Nunavut Impact Review Board, and the Nunavut Water Board. This will provide a forum for the discussion of the review carried out in Action 1-5.



Objective 3:
Government Policies

Ensure Government of Nunavut has clear policy positions on all critical issues.

Beyond areas that require legislation and regulation, there are critical areas of importance to meet the vision for this sector that require clear statements of policy from the Government of Nunavut.

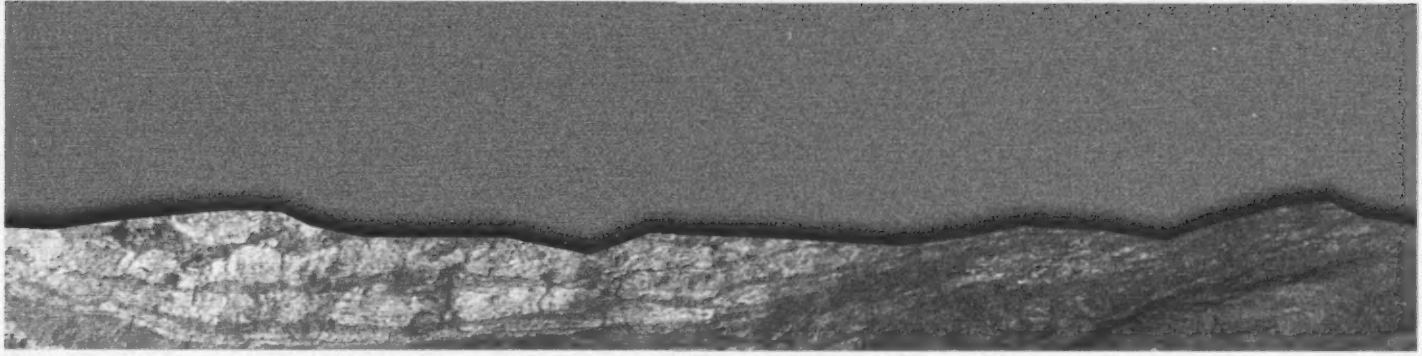
Establishment of Land Use Planning Policies Objectives and Goals (NLCA; 11.4.1(a))

Under the *Nunavut Land Claims Agreement* a major responsibility of the Nunavut Planning Commission is to establish broad planning policies, objectives and goals in consultation with government. This responsibility comes before the responsibility to create land use plans.

A common outcome of formal land use planning processes in other jurisdictions has been the creation of access restriction areas for mineral exploration and mining. While it is recognized that access restrictions may be appropriate in order to meet important conservation or land use goals, in some cases exploration and development have been restricted over large areas without a substantiation of need or evidence that mineral exploration and mining would be in conflict with conservation or other land uses. These restrictions unnecessarily eliminate the potential benefit the territory may derive from the mineral wealth in the area.

Policy Statement 1-2
Land Access Restrictions

The Government of Nunavut will require a review and assessment to determine whether a proposed land access restriction is warranted. The GN will endeavour to ensure the goals of the proposed land access restriction are achieved while minimizing the impact on undiscovered mineral resources. The review and assessment will take into account GN goals, legislation, policies and programs relating to conservation, land-use planning, wildlife management and parks. This review and impact assessment will be required before a land access restriction is created.



As future policies and strategies around protected areas and land access restrictions are developed, the concept of integrated land management allowing multiple land use activities will act as a guide for these processes.

Development of a Government of Nunavut Policy on Uranium Exploration and Mining

Since 2003, the price of uranium has steadily climbed to levels not seen in almost 30 years. This price movement has generated a great deal of interest in uranium exploration throughout the world. Nunavut is known to be very prospective for uranium, and exploration companies are anxious to test their uranium deposit models, and ultimately to develop a uranium mining industry in the territory.

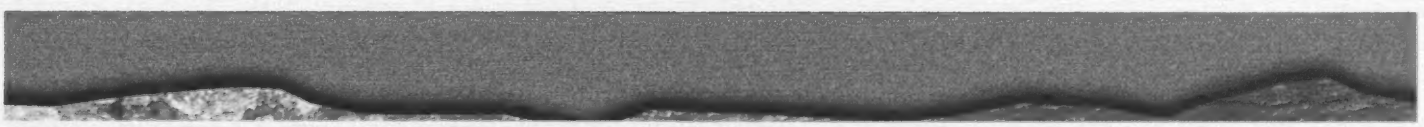
Uranium related issues were last discussed in the 1980s, when the people of Baker Lake opted to oppose the development of the nearby Kiggavik uranium project. Technology relating to the peaceful uses of uranium, environmental stewardship, and mining health and safety has advanced significantly in the past 20 years. It is timely, therefore, that the GN reopen the discussion of uranium issues and establish a policy that reflects the up-to-date and informed views of Nunavummiut.

Action 1-7
Uranium Policy

The Government of Nunavut will participate with NTI and INAC in an education and awareness-building project to inform Nunavut residents about the issues related to the exploration and development of uranium.

The GN will also conduct consultations to hear the views of Nunavummiut and other stakeholders on these issues.

Following that, the Government of Nunavut will develop a uranium policy, which will take into account the views of all stakeholders.



Objective 4: Taxation

Ensure Nunavut has a fair and equitable industry taxation regime that does not damage our competitive position.

Review of Territorial Taxes on Mineral Exploration and Mining

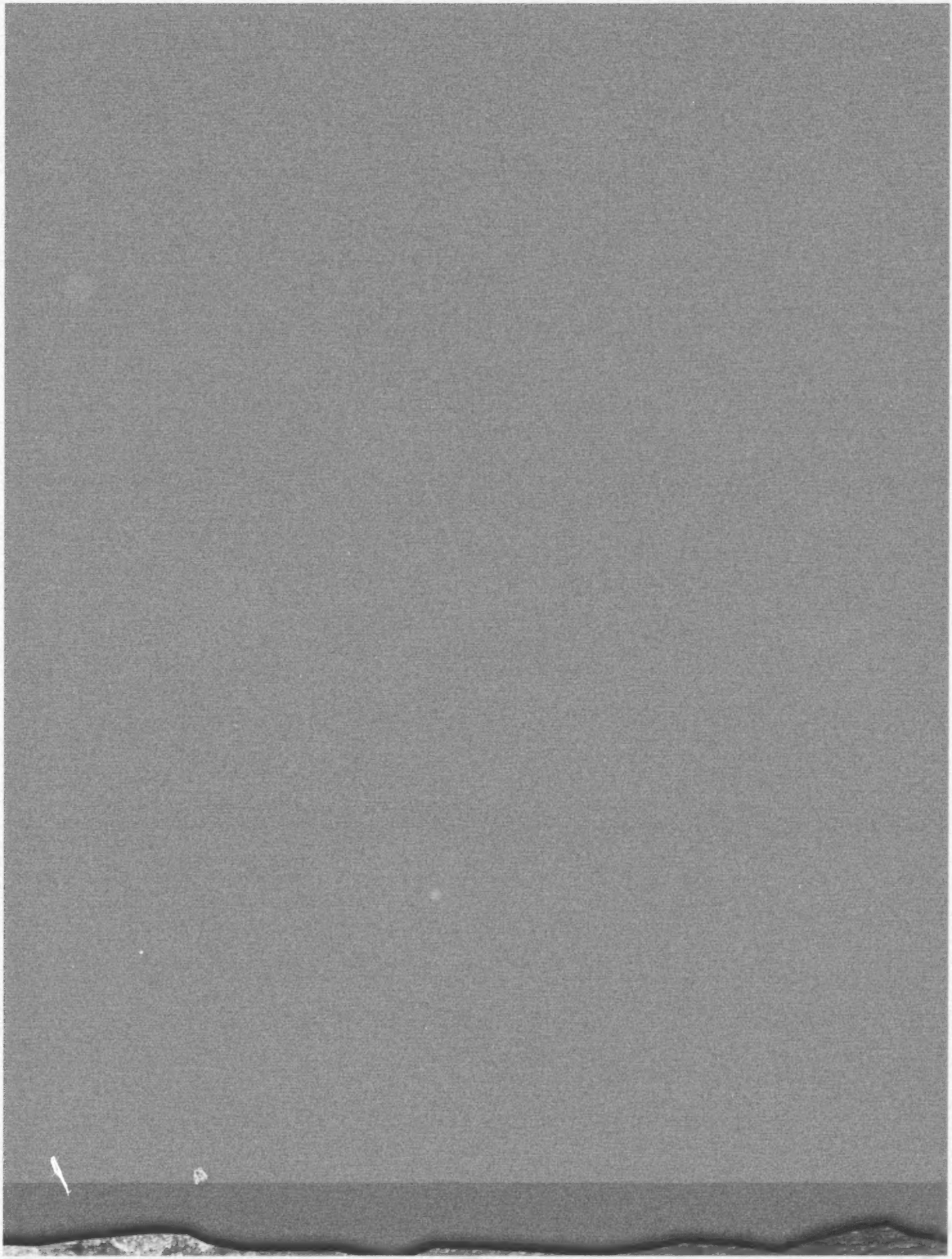
Compared to other jurisdictions in Canada and most jurisdictions in the world Nunavut is a high-cost area for mineral exploration and development. The lack of knowledge about the geology of the territory, the lack of a road network, and the challenging climate combine to increase project costs and planning timelines.

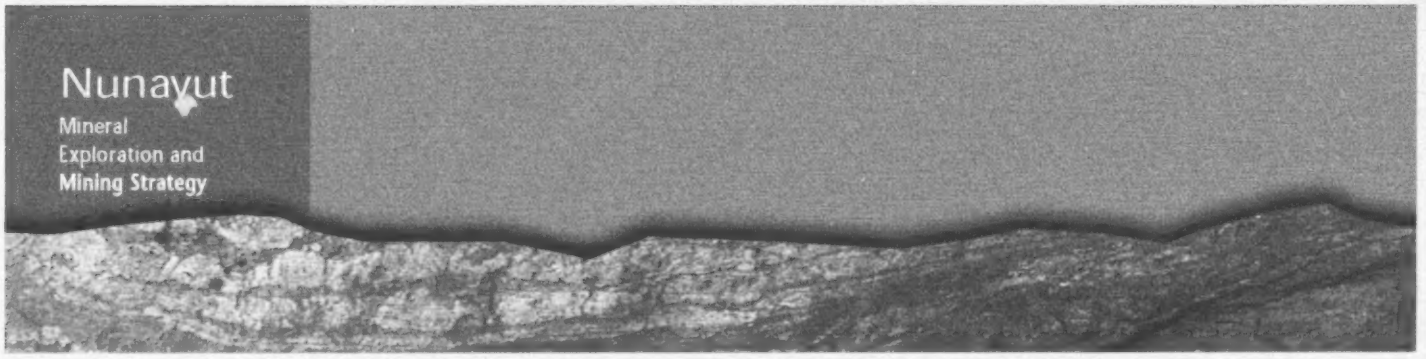
Recognizing the high-cost environment and high-risk nature of exploration and development, industry requested that the territorial tax structure be reviewed to ensure it is fair and equitable.

The Government of Nunavut undertook this review exercise in late 2005 resulting in an announcement in the 2006 budget of a rebate of territorial taxes on fuel for mineral exploration and mining.

Action 1-8
Taxation Review

The Government of Nunavut will complete the review of all territorial taxes that are applied to mineral exploration and mining.



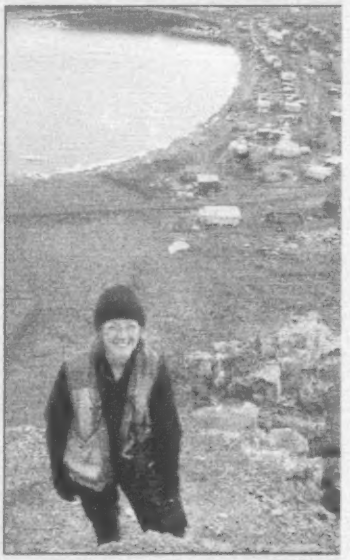


Pillar 2

Community Benefits

Develop meaningful relationships between communities, the minerals industry and government to ensure that mineral exploration and mining create sustainable economic and social benefits for Nunavummiut

The mineral exploration and mining industries have the potential to contribute significant and sustainable benefits to Nunavummiut, including infrastructure, jobs, education, skills, career development and local business opportunities.



Economic development, however, also has the potential for negative socio-economic impacts, which could include wealth mismanagement, loss of traditional lifestyle, and increased stress on already struggling community social infrastructure.

It is essential that strong and functional relationships between developers, government and communities be established to manage impacts and maximize benefits, and to ensure that the development of Nunavut's mineral resources is beneficial to all Nunavummiut.

Objective 1: Build Relationships

Build trustworthy relationships between impacted communities, industry and government.

Community consultation is essential for the creation of strong relationships between developers, government and communities. When such relationships are in place, local people become more engaged in the decision-making process, and the resolution of issues is simplified. Mining projects become an accepted part of the community and investor risk is reduced.

Legal requirements for consultation by industry and governments have been clarified through decisions by the Supreme Court of Canada. The *Nunavut Land Claims Agreement* also contains provisions related to consultation, as does the NTI Mining Policy, and ***Pinasuaqtavut 2004-2009.***

While effective consultation is required and each party has obligations, there is often a poor understanding or a lack of will or capacity to meet the obligations. It is contingent upon government to ensure that both government and industry carry out meaningful consultations.

Policy Statement 2-1
Community Consultation

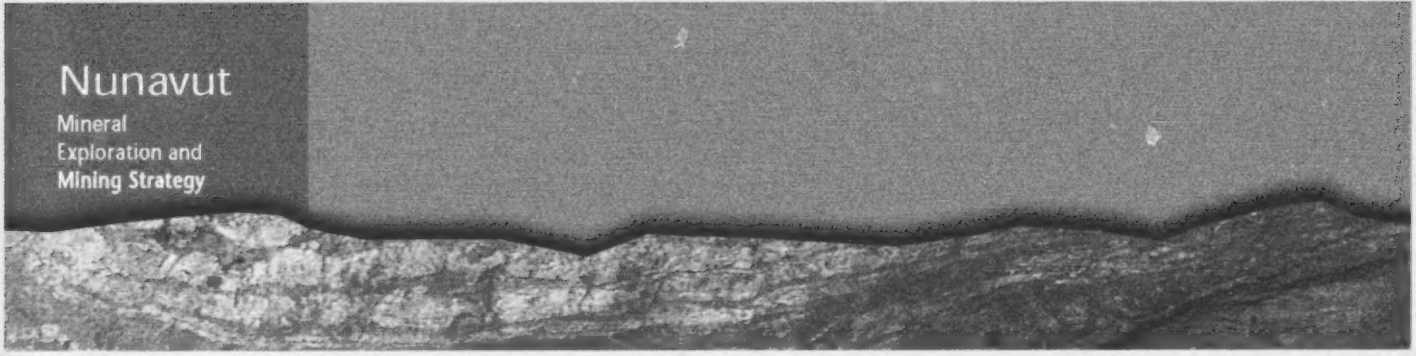
The GN will consult with communities, Nunavut Tunngavik Incorporated, and the appropriate Regional Inuit Association where land management and resource development activities may have impacts. The GN will ensure that community concerns are considered in the assessment of mineral development projects.

Action 2-1
Community Consultation Guidelines

The GN will develop Community Consultation Guidelines to promote and facilitate dialogue and understanding between communities, Inuit organizations, government and the minerals industry.

Action 2-2
Awareness Building

The GN will continue to conduct general consultations in communities to raise awareness and knowledge on environmental and socio-economic effects of mineral development.



Project	Operations Stage	~ Production Duration
Jericho diamond	Producing Mine	2006 – 2014
Hope Bay (Doris N) gold	Deposit appraisal; EIS	2007 – 2009+
Meadowbank gold	Deposit appraisal; EIS	2008 – 2015+
High Lake base metals	Deposit appraisal; Feasibility (pre-EIS)	2009 – 2020+

Action 2-3
Nunavut Mining Symposium

The GN will support the Nunavut Mining Symposium as a forum for building investor confidence and improving relations between communities, Inuit organizations, the minerals industry, and government.

Policy Statement 2-2
Industry Consultations with Communities

The GN encourages mineral exploration and mining companies to carry out appropriate, project-specific consultations with affected communities before fieldwork begins and regularly throughout the project's duration.

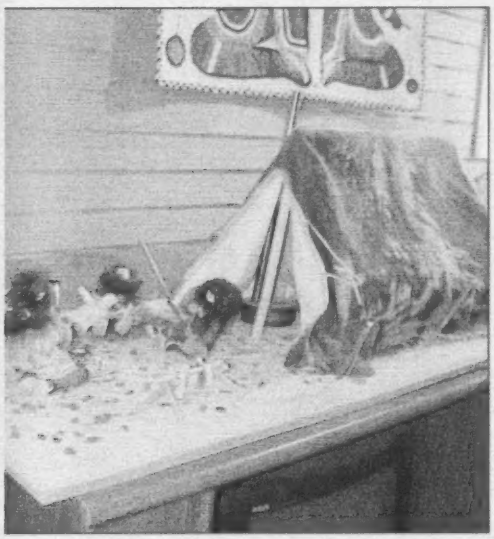
Effective consultation with communities makes basic business sense, and even though encouraged and regulated by government, the costs are not recognized as an eligible exploration expense under the Investment Tax Credit for Exploration. Companies cannot, therefore, use money raised through flow-through shares for consultations, nor can they gain credit for consultations in assessment reporting.

Policy Statement 2-3
Tenure and Tax Credit for Consultation

The GN endorses changes to the Mineral Tenure Assessment Credit and Canadian Exploration Expense deduction under the Investment Tax Credit for Exploration to recognize community consultation as a legitimate exploration expense.

Objective 2:
Maximize Community Benefits

Identify and maximize economic and social benefits to communities impacted by minerals industry activity.



At present, Nunavut's minerals industry consists of the Jericho diamond mine as well as a significant but variable number of mineral exploration projects every field season.

It is likely that three projects currently in the permitting process will become mines in the near future, and several other projects have the potential to become mines over the next ten years. The now-closed Lupin, Polaris and Nanisivik mines are in their reclamation and monitoring phase, which will proceed for the next two to five years.

In order for Nunavummiut to take advantage of the employment and business opportunities from these projects, government and industry will need to work together with Inuit organizations and communities to develop and coordinate effective education and training programs.

Government and the minerals industry can help provide Nunavummiut with the tools to be self-reliant in today's society:

Employment and Human Development Opportunities

Optimistically, 1500 new mine-related jobs could be created in Nunavut over the next 10 years. This would employ 12% of the territory's workforce.

Modern mining operations are much less labour intensive than in the past. The majority of jobs fall within the trades and equipment operator occupations requiring skills-specific training and certification. The remaining occupations are either entry-level positions, requiring at least a Grade 10 education (although a

high school diploma is usually preferred), or engineering and management occupations requiring professional college or university education.

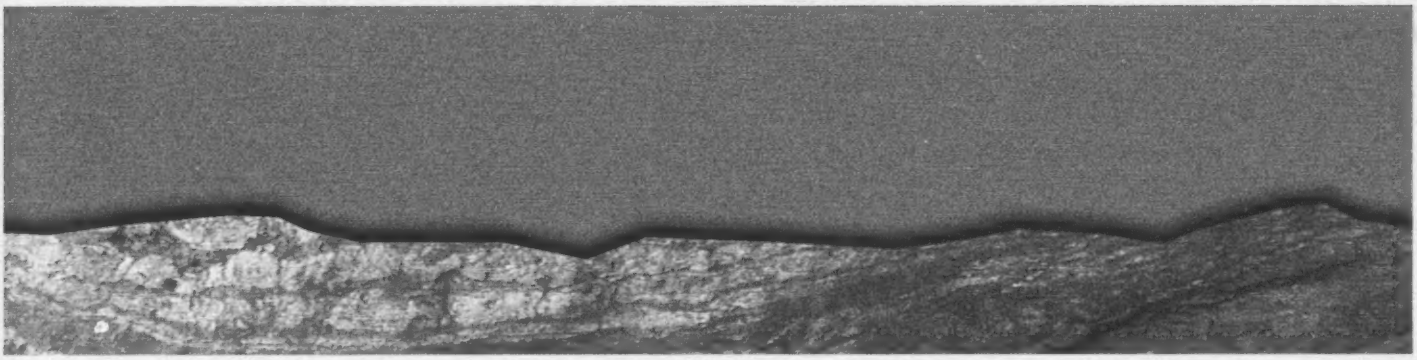
Mine sites commonly offer on-site training programs for apprenticeship positions as well as upgrading and advancing in a diverse range of roles. Pre-trades training, or education upgrading may be required. Exploration camps offer very limited on-site training for anything beyond entry-level positions. Government-supported prospector development and field assistant programs can provide Nunavummiut with the basic skills for employment with exploration companies.

The public education system provides a critical foundation for Nunavummiut in the knowledge, skills and attitudes needed to be responsible, productive and self-reliant citizens. The Department of Education is developing "made-in-Nunavut" curricula and teacher resources within the principles of Inuit Qaujimajatuqangit. New curricula include earth sciences and sustainable resource development, which will help develop an appreciation for, and an understanding of, the importance of these subjects at an early age.

Action 2-4
Earth Science and Mining in Public Schools

The GN will continue to develop public school curriculum and resources, and deliver teacher workshops in earth sciences and mining within the context of Inuit Qaujimajatuqangit.

The Department of Education and Nunavut Arctic College (NAC) play a leading role in providing adult education services in Nunavut. The recently released draft *Adult Learning Strategy* sets out a new plan for adult education and training in the territory over the next 20 years, with some significant proposed changes to the adult education system in Nunavut. This will be facilitated by the creation of the trades' training school in Rankin Inlet that was announced in February 2006.



The Department of Economic Development & Transportation (EDT) will implement the multi-party Nunavut Mine Training Initiative to work cooperatively with the Department of Education's *Adult Learning Strategy*. The Mine Training Initiative focuses on addressing the labour force gap that exists in the minerals industry in Nunavut. The Initiative will bring industry across the territory together with Regional Inuit Organizations, training and education organizations, and funding agencies to develop and deliver targeted training to address short and medium term human resource needs.

Nunavut Arctic College, in conjunction with EDT, Education, and Kivalliq Partners in Development has delivered a pilot project of the Mineral Exploration Field Assistant Course.

Action 2-5
Mine Training Initiative

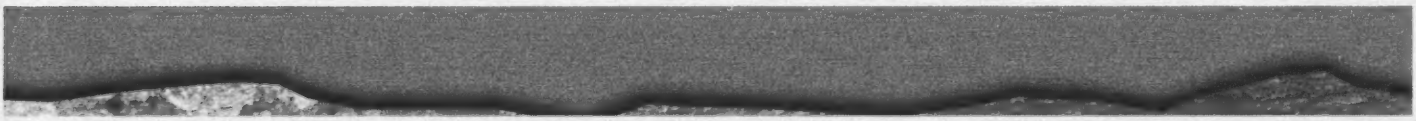
The GN will implement the Nunavut Mine Training Initiative to facilitate and coordinate training opportunities between industry, government, Inuit organizations, training organizations and funding agencies.

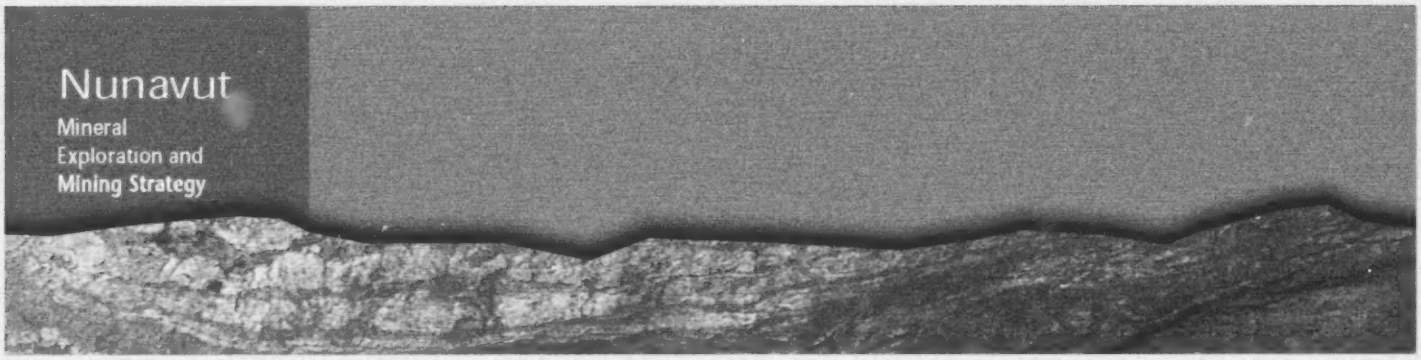
Action 2-6
Mineral Exploration Field Assistant Course

The Nunavut Arctic College, in conjunction with EDT, Education, and Regional training organizations will continue to deliver the Mineral Exploration Field Assistant Course on a "demand" basis in targeted communities, to help meet the growing minerals industry labour force demands and maximise employment opportunities for Nunavummiut

Local Business Development Opportunities

Local businesses can benefit from the minerals industry by offering supplies and services. Government can support this by encouraging industry to have their lines of business go through local communities, and to ensure that business support programs recognize the opportunities and challenges businesses face in providing supplies and services to the mining sector.





Also, economically viable, down-stream, value-added, secondary industries may flow from mining operations at the local level. Such operations may include the processing (sorting, grading, cutting and polishing) of Nunavut produced diamonds and a jewellery industry using Nunavut gold, diamonds and sapphires.

Policy Statement 2-4
Value-added Industries

The GN will assess and encourage the development of economically viable, value-added industries that may flow from mining operations.

Independent community-based prospectors are the grassroots of the mineral exploration and mining industry. The Nunavut Prospector Development Program was developed in 1999 to train, encourage and support individuals in communities to become independent prospectors.

Action 2-7
Nunavut Prospector Development Program

The GN will continue to deliver the Nunavut Prospector Development Program, through the Introductory Prospector Course and Nunavut Prospector Assistance Program, which supports individual prospectors in discovering and developing new mineral occurrences.

Community Economic Development Plans are developed by communities to guide and direct economic development within the community. These plans identify business opportunities and local initiatives to promote and develop the community.

Major development projects can make existing Community Economic Development Plans obsolete. This can create anxiety at the community level that economic impacts on the community will not be strategically guided and that the community may feel they are losing control of their development.

Action 2-8
Community Economic Development Plans

The GN will work with communities to update their Community Economic Development Plans to accommodate and maximize opportunities from major development.

Objective 3: Minimize Negative Social Impacts

Minimize and mitigate potentially negative social impacts associated with minerals industry activity.

Mineral development, particularly large-scale mining operations, has the potential to have negative social impacts along with the significant social benefits.

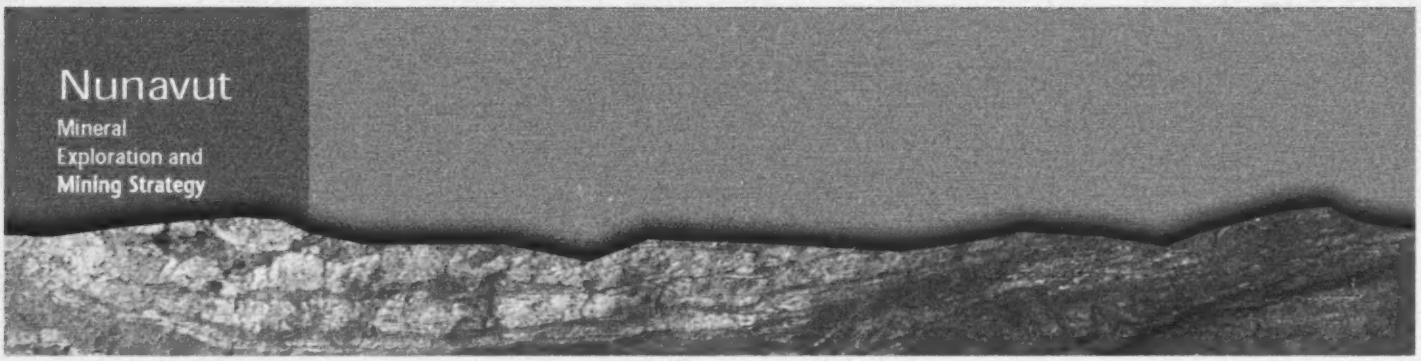
The stage of development of a mineral project generally determines the effects on nearby communities. The mineral exploration stage has relatively low economic development impact on communities but is critical since it is often the initial encounter between communities and companies.

The construction phase of operation is relatively brief but may have the greatest impact in the short-term with long-term implications. It offers a boom in jobs but it also has the potential to cause considerable physical and social disturbance, opening up remote areas through the development of infrastructure and stimulating migration to the area.

The production phase of an operation has the longest-term impacts, creating jobs and infrastructure but also potentially negative and unforeseen social impacts.

Action 2-10
Socio-economic Monitoring

The GN will assist in providing information for socio-economic monitoring related to mineral development.

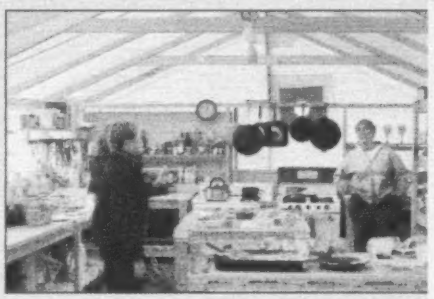


Pillar 3

Infrastructure Development

Nunavut's infrastructure in every area is far behind any other part of Canada. The lack of a road network, ports and harbours, paved runways, geology maps, and topographic maps make exploration and mineral development in Nunavut much more expensive and at a higher risk than in other Canadian jurisdictions.

Throughout Canadian history the expansion of physical infrastructure into remote areas has often been led by the mining industry. Mineral wealth has funded the construction of towns, airports, roads and hydroelectric and marine facilities. Nunavut's future is not expected to be significantly different.



Objective 1: Community and Regional Infrastructure

Build partnerships with mine developers, federal government, Inuit organizations, communities and others to leverage funding to build long-term and sustainable, territorial, regional, and community infrastructures.

Communities as Hubs to Mineral Development Activity

Where possible exploration companies should base their activities from within a Nunavut community to help stimulate long-term economic development in that community.

For this to make economic and practical sense for the companies, a certain level of basic infrastructure such as hotel accommodations, fuel storage facilities, charter aircraft availability, etc. must first be in place.

Paradoxically, without some existing infrastructure, companies will not want to base their work from a community, and without company activity, infrastructure will be slow to develop. While government or communities could invest in infrastructure to attract exploration companies, it must be remembered that exploration programs are brief and transitory. It may not make sense, therefore, to build infrastructure that will primarily be used by exploration companies.

Unlike exploration, mines are stable and long-term developments for which permanent infrastructure must be built. Communities can obtain significant benefits if a mining company uses the community as a base from which it sources goods and services, and through which it directs all traffic into and out of the mine site.

Once a mine makes a decision to use a community as a base, and critical infrastructure is put in place, the community may then become a viable hub for other activities, including mining, exploration, transportation, tourism and other economic pursuits.

Policy 3-1
Hub Communities

The GN expects companies involved in mineral exploration and mining to use a Nunavut community as a logistical centre for their operations.

Supporting Development of Sustainable Infrastructure

Mining operations cannot be established without first having some basic infrastructure in place. Power supplies, roads, ports and airports are all critical parts of a mine's development. Infrastructure developed in support of mines, however, can also have benefits beyond those in the mine plan.

A mine access road, for example, can also provide improved access from a nearby community to fishing and hunting areas. Improved port facilities can also be of benefit to the community. It is to Nunavut's benefit if, wherever possible, mine infrastructure is located in or passes through a community.

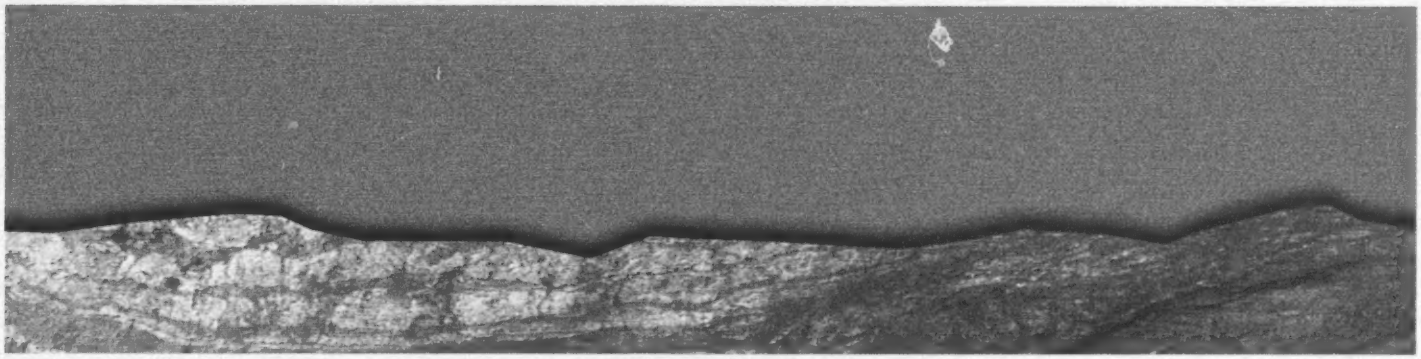
If proposed infrastructure benefits a community or Nunavummiut in general as well as the mining company, it may be sound policy that a partnership between government and the company be formed to develop it. While partnering with a mining company may be an excellent way to leverage development dollars, this will only be the case if the proposed infrastructure fits with the government's strategic goals and where economic and environmental risk and ownership are appropriately addressed.

Both communities and mines benefit when resources can be combined to produce infrastructure improvements which are mutually desirable. Roads, airports, ports and energy storage and generation capacity are all essential to a mining operation and to a community. Existing government plans can be reviewed and adapted to respond to both community need and development requirements. Proponents need to demonstrate a well developed dialogue which addresses these potential partnerships.

Policy 3-2
Sustainable Infrastructure

Where risk and opportunity permit, the Government of Nunavut and its Territorial Corporations will leverage the investment of private infrastructure required to support mineral develop, to support, partner or assist in building infrastructure that will have permanent benefits for Nunavut.

One of the areas of highest impact and highest potential for collaboration is in the development and use of energy resources and facilities. Mining developments have a high demand for both fossil fuels and electrical energy. In Nunavut, government agencies play a significant role in the delivery of these commodities.



The resources of existing community operations may facilitate exploration work at the early stages, but may be taxed by strong demand as a project grows. Ultimately energy facilities represent environmental and economic risk and opportunity for both the community and the proponent and should be viewed as an opportunity for common value.

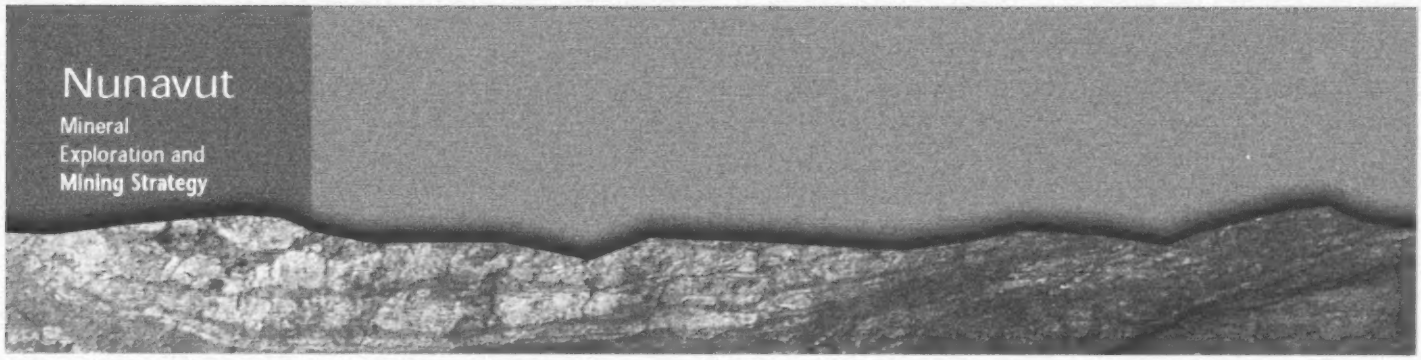
Policy Statement 3-3
Energy Infrastructure

The Government of Nunavut encourages companies advancing mining developments in Nunavut to begin at an early stage to review and address energy risks and options with both Qulliq Energy Corporation (electrical generation) and the Petroleum Products Division (fossil fuel use and storage) in order to develop good projections of need and to anticipate potential areas of common investment and infrastructure advantage.

For Nunavut communities to gain maximum benefit in infrastructure development, the government must clearly define its infrastructure goals, and then must encourage industry partners to find ways in which the goals of the proponent and those of Nunavummiut can be met by working cooperatively.

Policy Statement 3-4
Development Partnership Agreements

The Government of Nunavut encourages companies proposing mining developments in Nunavut to negotiate a Development Partnership Agreement with the GN, and anticipates that all developers, whether or not such an agreement has been developed, will demonstrate a clear understanding of community opportunities and a thorough review of partnership options as part of their impact reviews.



Development Partnership Agreements will set out ways the company and the GN can agree to work together to promote the socio-economic well-being of Nunavummiut in affected communities. The agreements should address such areas as the policy statement on hub communities, energy and infrastructure development, Socio-Economic Monitoring Committees, education and training, recognizing that each development will provide unique opportunities, risks and options.

Companies entering into a Development Partnership Agreement will be permitted to apply to the GN for a rebate of the Fuel Tax paid on all mine or exploration related fuel purchases.

Alternate Uses of Closed Mines

Over the past four years Nunavut has seen the closure of the three mines that were developed in the late 1970s and early 1980s. Among government, Inuit organizations and the public there was much discussion on possible future use of the mine infrastructure.

While innovative alternatives for closed mines may seem attractive and even appear economically feasible, any environmental liabilities at the site would be inherited by the new operators.

With the need for the development of community infrastructure it is difficult to consider the use of public funds to build and support infrastructure at a remote site.

Policy Statement 3-5
Alternate Uses of Closed Mines

The GN will continue to require that all mine sites be fully rehabilitated after mines are closed. Alternate uses will only be considered once liability issues have been addressed, and a sound business case outlining the alternate use, obligations, and impacts is completed with an associated socio-economic impact.

Objective 2: Develop the Geological and Topographic Information Infrastructure

Develop and improve availability of territorial geoscience, geomatics and other data to attract investment in mineral exploration and mining.

Geoscience Funding

Of the many criteria that are taken into account by exploration and mining companies when deciding where to invest, the availability and accessibility of information is of paramount importance.

The more information that is readily available before an investment decision is made, the more comfortable investors will be in reaching their decisions.

Quality geoscience is the basis from which exploration ideas are generated. Exploration ideas, in turn, interest and excite investors who are the driving force in the exploration industry. Without geoscience, ideas founder and investors look elsewhere for places to invest their high-risk dollars.

It is estimated that every dollar invested in geoscience generates a minimum of $5 in exploration investment. The exploration investment then leads to the discovery of new mineral resources worth many times the investment (R.B. Boulton and Associates, 1999).

Nunavut lags behind other Canadian jurisdictions in the amount and quality of public information. Particularly critical from the point of view of investors in exploration in Nunavut, is the need to improve the geoscience and geomatics databases in the territory.

A study presented to Mines Ministers in 1999 estimated the cost to complete the first pass of regional 1:250,000 scale bedrock mapping at $69 million dollars. This did not include the costs of regional geophysics, geochemistry, and surficial mapping that are commonly conducted at the same time.

At the Mines Ministers meeting in 2004, all jurisdictions including the federal government endorsed the Cooperative Geological Mapping Strategies initiative. The federal commitment to the initiative remains unfunded.

Action 3-1
Geoscience Funding

The GN will commit to long term funding for the Canada-Nunavut Geoscience Office (C-NGO) beyond the current 2008 agreement, and will continue to work with the federal government for increased federal government funding.

Accessibility of Information

The second aspect of this objective is the accessibility of information. Geoscience data, exploration assessment reports, data on environmental baseline monitoring, demographics, climate, etc. do exist, but are not always easily accessible to the public. Information that is inaccessible is effectively worthless.

New technology and new expectations have resulted in the need to change data distribution allowing for free and accessible information available over the Internet.

The federal government, territorial departments, Nunavut Tunngavik, and the Regional Inuit Associations are working to improve access to information they hold.

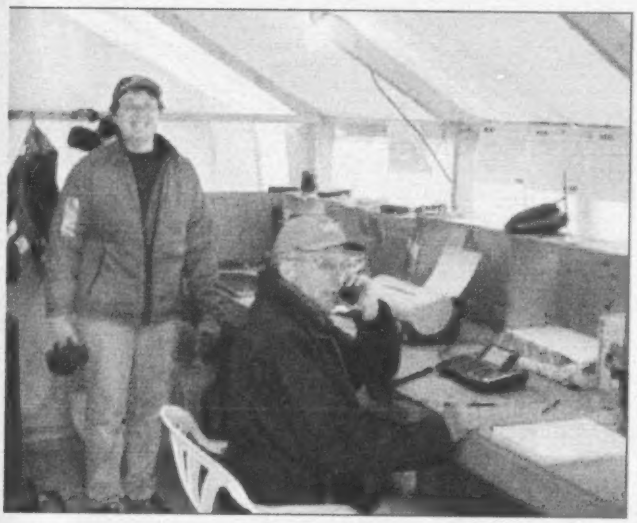
The needs of industry and the public would be best served by a cooperative approach in which access to all information is centralized and easy to operate.

Policy Statement 3-6
Comprehensive and Accessible Information Database

The GN recognizes the need for improvement of the territory's databases of public information (including geoscience and geomatics), for mineral industry use, and for the data to have easy public accessibility.

Action 3-2
Public Access to Geospatial Data

The GN will develop partnerships with INAC, NTI, NPC, C-NGO and other relevant agencies to digitize GN and other Nunavut data to make all public information relating to Nunavut free and accessible through the Internet. This data will then be available for Nunavut interested investors worldwide.



Pillar 4

Environmental Stewardship

Nunavut consists of 20% of Canada's land mass and more than half of its coastline. This land is sparsely populated, with 25 communities widely spread throughout the territory. This vast arctic region is largely untouched by human development, and remains one of Canada's most sensitive and pristine environments.

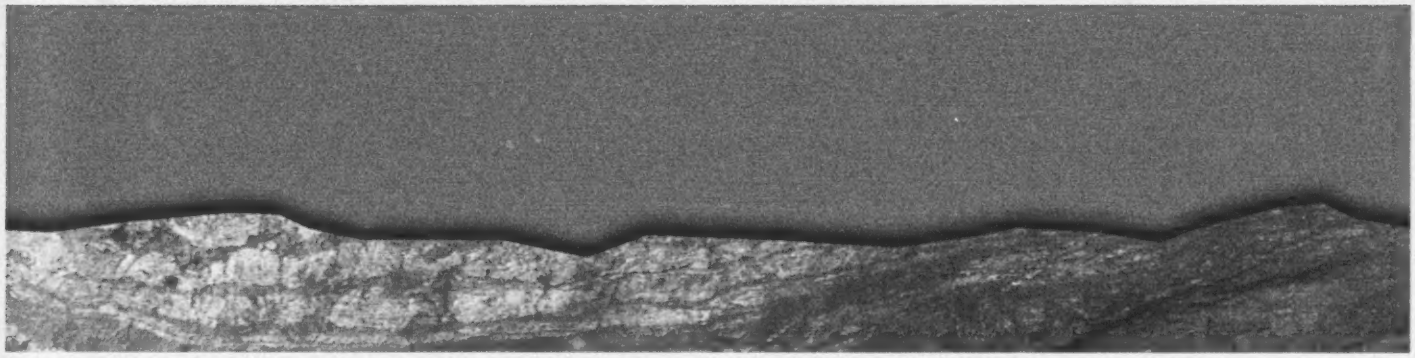
The relationship Nunavummiut have with this untouched natural world is something that defines us as a people, and any proposed activity that significantly affects the sensitive ecological balance will not be well received.

Nunavut is also host to vast known and potential mineral wealth, and Nunavummiut are well aware of opportunities this wealth can provide.

This section of the strategy sets out policies and actions that will help the territory gain the maximum benefit from its resources, while ensuring that environmental impacts resulting from exploration and mining industry activity are minimized and mitigated.

Objective 1:
Improved Knowledge Base

Improved collection and dissemination of environmental scientific and Inuit Qaujimajatuqangit baseline data will facilitate land use planning, permitting, and environmental monitoring and enforcement.



Publicly Funded Research

"Institutions of Public Government assess development impacts, but are dependant for their effectiveness on the knowledge available and have limited resources. Important knowledge gaps exist in areas such as wildlife population, habitat health, integration of formal scientific knowledge and Inuit Qaujimajatuqangit, and the assessment of cumulative impacts."
Nunavut Economic Development Strategy, 2003, p. 34

"In developing our economy, our challenge will be to build our knowledge of the land in order to support protection of our environment and appropriate development of its resources."
Nunavut Economic Development Strategy, 2003, p. 30

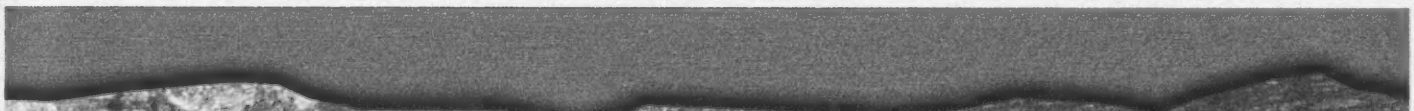
A serious issue that frustrates discussions on land use planning and development at all levels is the lack of reliable, comprehensive and up-to-date data on ecosystems in Nunavut. It is difficult to predict, measure or mitigate impacts on ecosystem components that are not well understood.

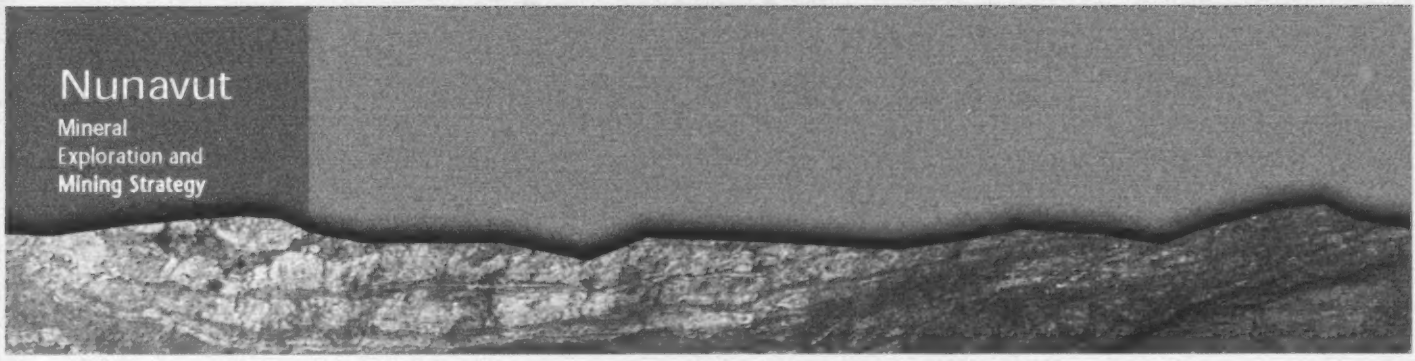
All decision-making related to environmental protection suffers from this inadequate scientific and Inuit Qaujimajatuqangit data, and from the fact that whatever data exists is often not easily available to the public.

The collection of Inuit Qaujimajatuqangit can be controversial. Inuit and their organizations have treated traditional knowledge as being proprietary, and not for public record. When developing an initiative, which allows for public access to information, one must be aware of and sensitive to this fact.

Policy Statement 4-1
Research

The GN recognizes the importance of continuing research into all aspects of Nunavut's natural environment to help ensure that future decisions are based on the best possible information. This includes the capturing, where appropriate, of Inuit Qaujimajatuqangit through baseline studies of traditional uses for land.





Encouraging and Retaining Industry Funded Research

The collection of environmental baseline data is an essential part of any exploration program. The costs of carrying out this data collection is, however, not recognized as a legitimate exploration expense, neither by the *Canada Mining Regulations* nor by the Canada Revenue Agency.

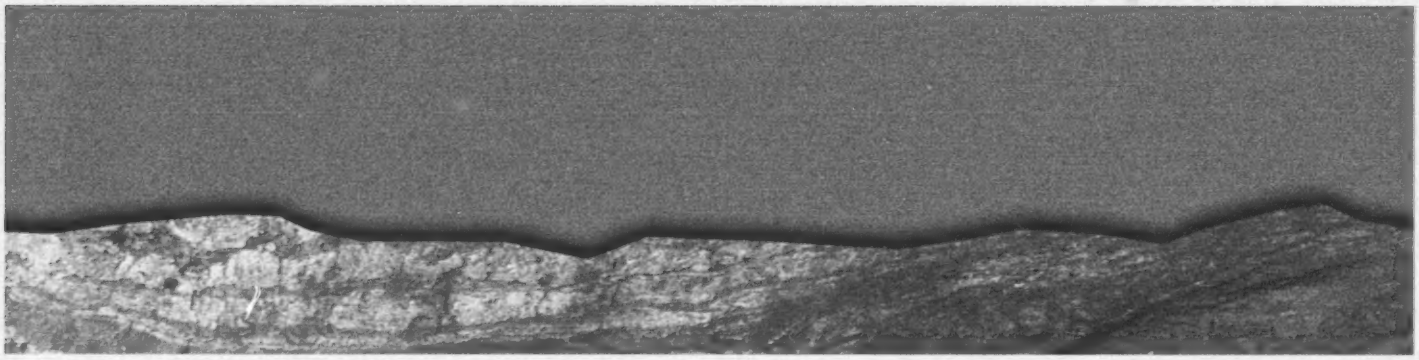
Not only does this fail to recognize that these activities are important, but, since the *Canadian Mining Regulations* do not provide assessment credit for the work, there is no reporting required and the data is often lost. Only the roughly 1 in 2000 exploration projects that reach the environmental assessment stage report on their environmental baseline work.

Policy Statement 4-2
Tenure and Tax Credit for Environmental Baseline Data Collection

The GN endorses changes to the Mineral Tenure Assessment Credit and Canadian Exploration Expense deduction under the Investment Tax Credit for Exploration which will recognize environmental baseline data collection as a legitimate exploration expense.

Government and Industry Research Partnerships

Government and industry have a shared interest in ensuring that decisions on mineral development in Nunavut are based on the best possible information. Research into the environmental impacts of mining practices provides a means of improving management and mitigation methodologies. It is important that government and industry work to develop research partnerships as a means of better understanding and more effectively addressing environmental impacts, including wider regional and cumulative development impacts.



Policy Statement 4-3
Environmental Research and Partnerships

The GN will encourage industry, where appropriate and practicable, to undertake on-site environmental research as a part of their project and to participate in partnerships on wider regional and cumulative impact research relevant to their project.

Action 4-1
Environmental Research and Partnerships

The GN will consider changes to existing taxation regimes as a means to create financial incentives for environmental research, partnership development or other related initiatives.

Public Accessibility to Data

As with geological data and assessment reports (see section 3), environmental data that exists but is not easily available, is effectively worthless.

A comprehensive, easy to use, publicly accessible portal for public information, including environmental baseline data would be a significant first step to improving the understanding of Nunavut's ecosystems, and to improving decision-making related to environmental protection.

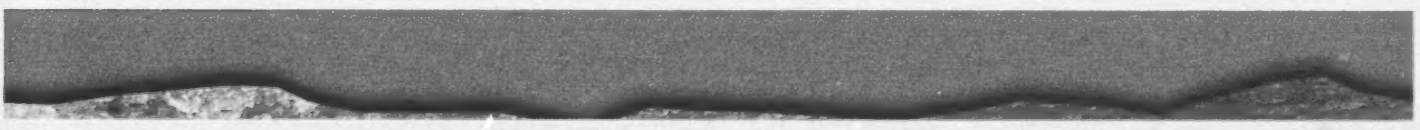
This issue is addressed in Action 3-2.

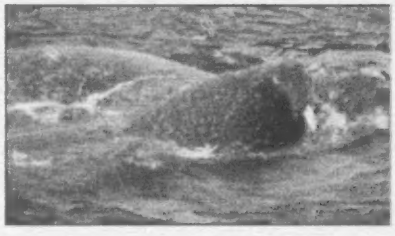
Objective 2: Protection of the Environment

Mineral resource development will not compromise the territory's environment and, where possible, can be compatible with protection of critical and sensitive ecosystems.

Environmental Sustainability

Nunavut is known to host a number of significant mineral deposits. The nearly 2 million square kilometres of the territory are, by modern standards, virtually unexplored, and it is almost certain that new mineral discoveries will be made in the future. It is argued that Nunavut's future economic viability, and the improvement of the quality of life of Nunavummiut, will depend on the development of these known and yet to be discovered resources.





Nunavut's arctic environment is fragile, however, and Nunavummiut will not tolerate development that has unacceptable environmental impacts.

Inevitably, the push towards development of mineral resources and the need for environmental protection will create conflicts.

The Nunavut Impact Review Board and the other Institutions of Public Governance (IPGs) are required to examine issues, encourage dialogue and discussion, and determine if environmental risks are managed or mitigated in a project proposal.

Ultimately, NIRB must make the difficult recommendation as to whether or not a development should proceed; the ultimate decision rests with the federal Minister.

Policy Statement 4-4
Environmental Sustainability

In the cases where the proponent is unable to show that environmental impacts of a mining project can be managed or mitigated, the GN will not permit mineral development.

Encouraging High Standards of Environmental Practice

Mineral exploration and mining companies know that society now demands that they adhere to high environmental standards. The success of a project is now measured not only by the quality of a discovery, or the profit a mine generates, but also by the abilities of management to achieve and maintain the "social licence" to operate.

To gain this social licence, companies must conduct their business in a way that engages communities, guarantees the health and safety of employees, and minimizes the operation's environmental impact. The industry as a whole can only maintain its social licence over the long term by treating their project as a "temporary use of the land", and fully rehabilitating the site for other uses after mining or exploration is complete.

Policy Statement 4-5
Temporary Use of the Land

The approval of mineral projects in Nunavut will be based on the premise of sustainability by providing for the future use of the land or water after the cessation of exploration or mining. The GN requires that proponents use good environmental and engineering practices that are appropriate to arctic conditions.

Particularly at the exploration stage, companies that strive for "best environmental practice" in project management may have difficulty in determining what this best practice entails. While there are environmental management guidelines for explorers, these do not focus on the unique challenges of exploring in the arctic. A set of environmental guidelines for arctic exploration would not only assist explorers in achieving responsible project management, but it would also give regulators and Nunavut residents a standard by which to measure a company's performance.

Action 4-2
Guide to Good Environmental Practices

The GN will work in partnership with the federal government, the Nunavut Planning Commission, the land and resource boards and Inuit organizations towards the preparation of a guide to good environmental practices for mineral exploration, mining, and reclamation in Nunavut.

Objective 3: Permitting, Monitoring and Enforcement

Allocation of resources for project permitting, as well as monitoring and enforcement of permit conditions, will work towards achieving the goal of environmental protection.

Inspection, Monitoring and Regulatory Enforcement

Well-conceived and implemented environmental protection policies are essential if the goal of sustainable development is to be achieved. Governments must prioritize resources to areas where they are most required and will be most effective.

Appropriate use of resources would see a simplified process for issuing permits for mineral exploration, with a greater emphasis being allocated to inspections that will ensure conformity with permit conditions and contribute to environmental protection.

In order for environmental protection goals to be achieved, it is essential that companies be inspected to ensure compliance with the conditions of their permits. While government departments and designated Inuit organizations conduct inspections, there has been no broad assessment of the effectiveness of the inspection, monitoring and regulatory enforcement processes.

Action 4-3
Audit of Inspection, Monitoring and Regulatory Enforcement

The Government of Nunavut (GN) will work with the Department of Environment (DOE), Executive and Inter-governmental Affairs (EIA), Indian and Northern Affairs Canada (INAC), Worker's Compensation Board (WCB), Department of Fisheries and Oceans (DFO), Natural Resources Canada (NRCan), Health Canada (HC) and the Regional Inuit Associations (RIAs) to conduct a thorough audit of inspection, monitoring and enforcement related to mineral exploration and mining.

Security Bonding

Before being allowed to proceed with construction, companies proposing the development of a mine are required to prepare plans for mine closure and remediation of the site at the end of the mine life. Companies are also required to post a reclamation bond which will cover the cost of reclaiming the site, and which represents a significant up-front cost. Companies do not normally dispute their obligation to reclaim mine sites, but disputes do arise over the amount that must be held in bond.

For example, companies will argue that they can fully reclaim a site for a certain amount of money, but this does not necessarily cover the event where the proponent becomes insolvent and a third party must be retained to do the work, at what may be a higher cost.

The federal government currently administers security bonding. After devolution, however, the GN will assume this responsibility.

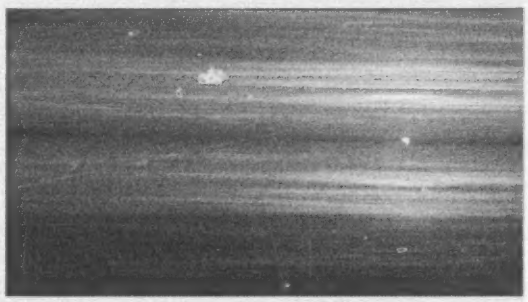
Policy Statement 4-6
Security Bonding

After devolution, the GN will require that sufficient security be posted so that the impact of an exploration or mining development can be fully reclaimed by a party other than the proponent at any stage of the development.

Conclusion

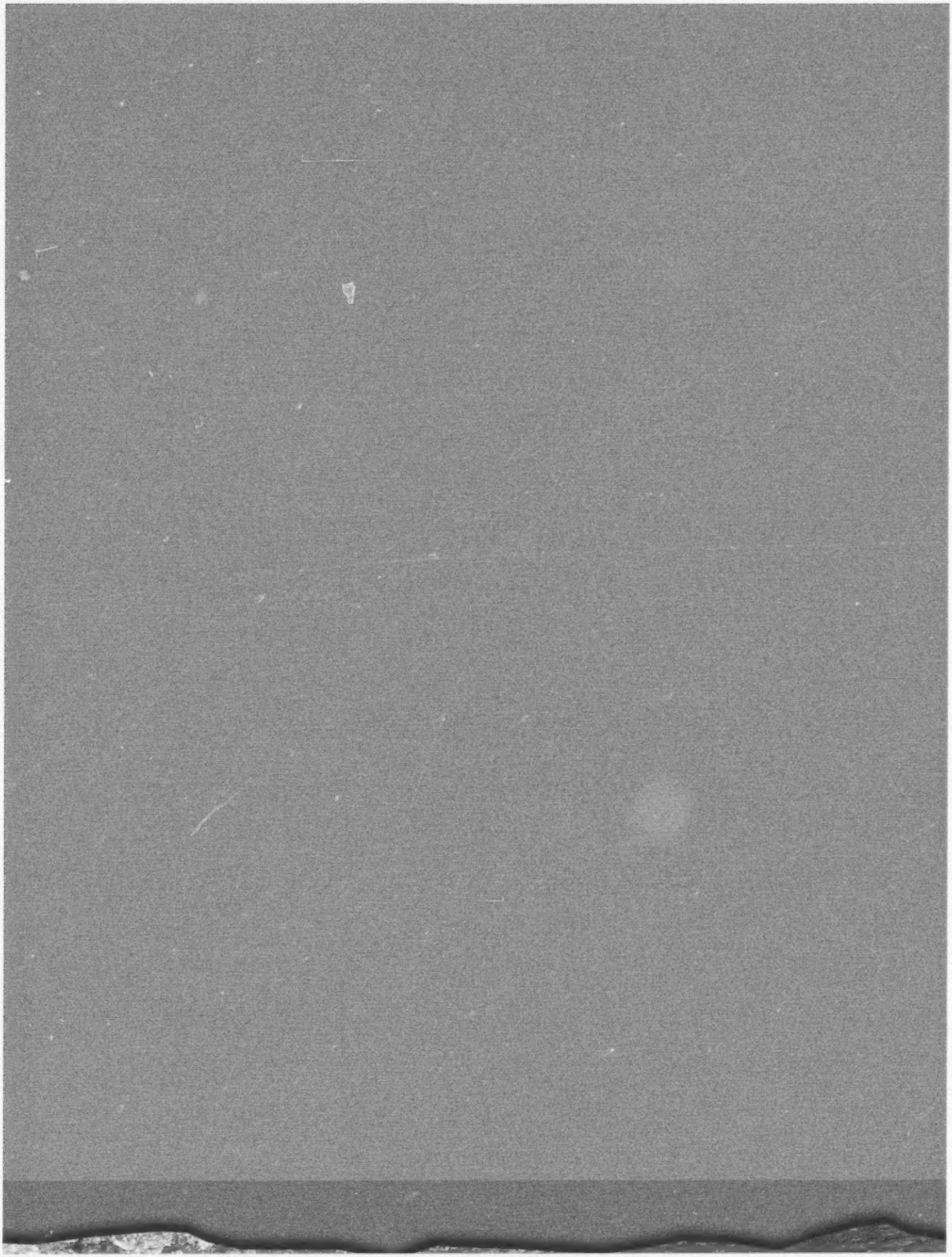
Moving Forward

Nunavut has great potential for mineral development. The exploration and development of our mineral resources will create direct opportunities for people and businesses. The policies established in the strategy create an immediate foundation that will guide the development of these opportunities. The actions will be implemented over the next year. This will involve building partnerships with Nunavut Tunngavik Incorporated, the federal government, Regional Inuit Associations, the Institutions of Public Government, communities, and industry.



Parnautit is focused on building a sustainable mining industry for the future. To realize the goal of a high and sustainable quality of life for all Nunavummiut there is much work to be done in other areas but the sustainable development of our mineral resources will make the other areas easier to address as we develop a strong economy throughout Nunavut.

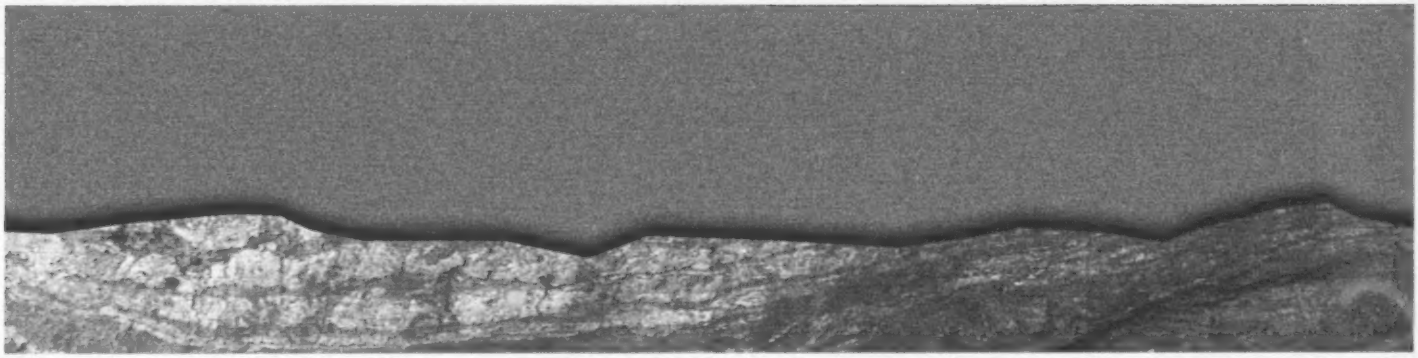
Some of the key Actions contained in *Parnautit* will require specific planning and the commitment of new resources. These Actions will be further defined in an implementation document that will follow.



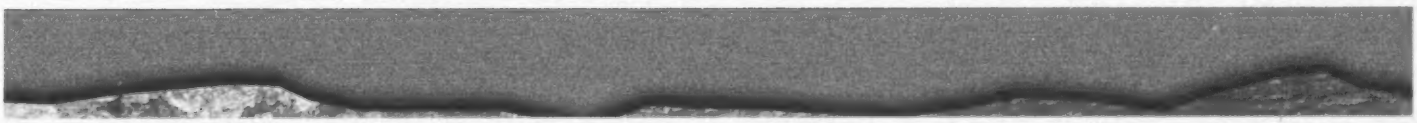
Appendix A

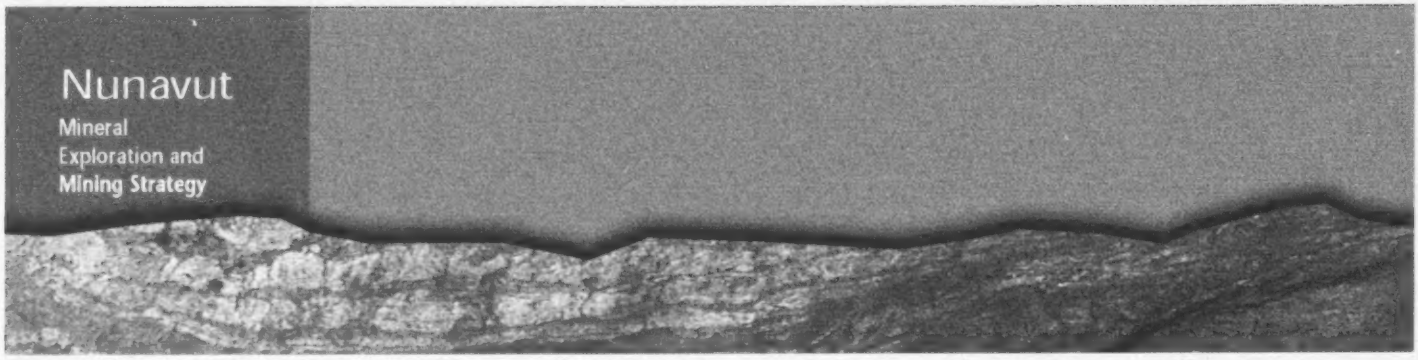
Action Matrix

PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 1 Jurisdictional Framework	Action 1-1 Legislation The Government of Nunavut will continue to work with INAC and NTI, in close consultation with the NPC and NIRB to complete establishment legislation on a high priority basis.	• First draft expected Fall, 2006 • Project completion FY 08/09	• Internal resources, already allocated.	• Federal Act in place • Stable legal basis and enhanced functioning of the NPC and NIRB, resulting in clarification of the regulatory processes, smoother and more timely processes, and improved certainty of process
	Action 1-2 Nunavut Mines Act The Government of Nunavut will work with INAC, NTI, and the RIAs on the development of a Mines Act of general application for Nunavut.	• Consultations in FY 06/07 • Draft Bill, FY 07/08 • Legislation passed in FY 08/09	• Internal resources, already allocated.	• Consultations carried out • Nunavut Mines Act drafted • Nunavut Mines Act passed into law • Modern legislation that is recognised as supporting sustainable development • Improved regulatory certainty and a more favourable climate for investment in mineral exploration • Increased exploration expenditures in Nunavut
	Action 1-3 Mineral Tenure Act for Nunavut The Government of Nunavut will work with INAC, NTI, and the RIAs on the development of a modern Mineral Tenure Actfor Nunavut that will incorporate electronic map staking.	• Consultations, FY 06/07 • Draft Bill, FY 07/08 • Legislation passed, FY 08/09	• Internal resources, already allocated.	• Consultations carried out • Nunavut Mines Act passed into law • Number of mineral claims staked • Improved investor confidence and increased exploration expenditures in Nunavut

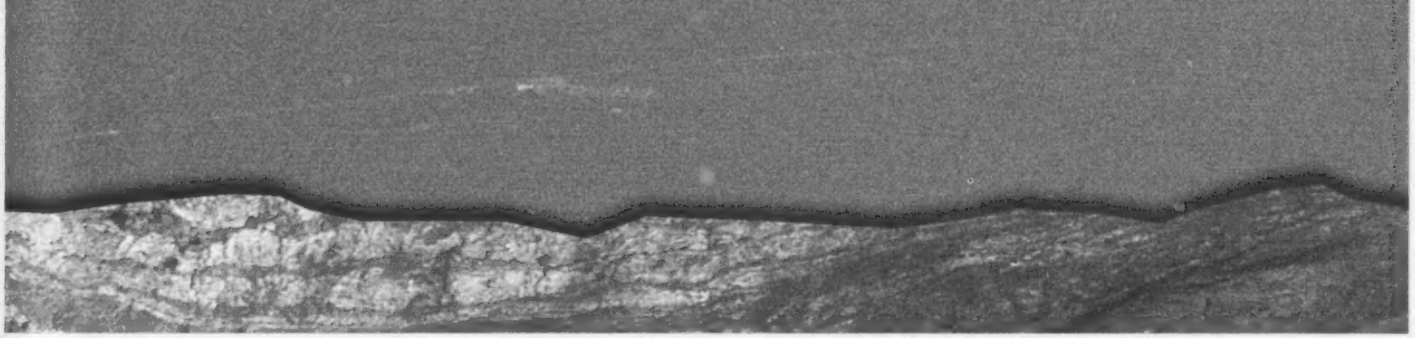


PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 1	**Action 1-4 Nunavut Water Regulations** The Government of Nunavut will request that INAC begin a process for developing Nunavut-specific water regulations under the *Nunavut Water and Surface Rights Tribunal Act*. The regulations will have appropriate thresholds to ensure that water use is efficiently and effectively regulated.	• Request from GN to INAC, FY 06/07 • Consultations, FY 07/08 • Regulations drafted, FY 07/08 • Regulations established, FY 08/09	• Internal resources, already allocated.	• Consultations carried out • Regulations drafted • Regulations established • *Improved efficiency of water use permitting—as indicated by the median and mean number of days needed to obtain a water use permit* • *Appropriate water use and care of water resources*
	Action 1-5 Review of Permitting and Regulatory Structures The Government of Nunavut will commission an independent review of the permitting and regulatory structures in the territory.	• Issue RF, Fall 2006 • Final report, March 2007	• $75,000 Contract.	• Completion of permitting and regulatory review • *A clearer understanding of Nunavut's regulatory and permitting processes* • *High quality documentation to support the Action 1-6 workshop* • *Identification of any areas of regulatory or process bottlenecks or duplication*
	Action 1-6 Workshop on Permitting and Regulation Following an independent review the Government of Nunavut will facilitate a workshop in partnership with the federal government, NTI, RIAs, NPC, NIRB, and the NWB.	• Hold workshop, Spring 2007	• $25,000 Contract.	• Completion of workshop • Level of attendance at the workshop • *Improved drafting of legislation and regulations* • *More informed participation in regulatory and permitting processes* • *Improved advice provided to project proponents* • *Mandate and commitment to address areas of inefficiency* • *Improved permitting and regulatory processes*

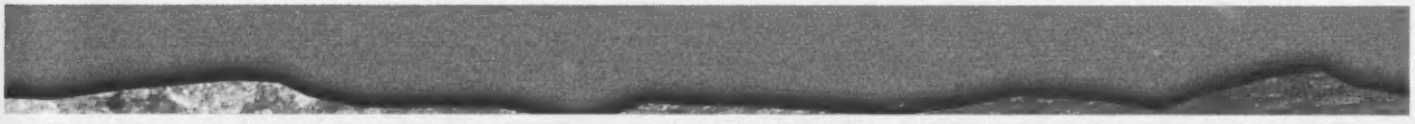




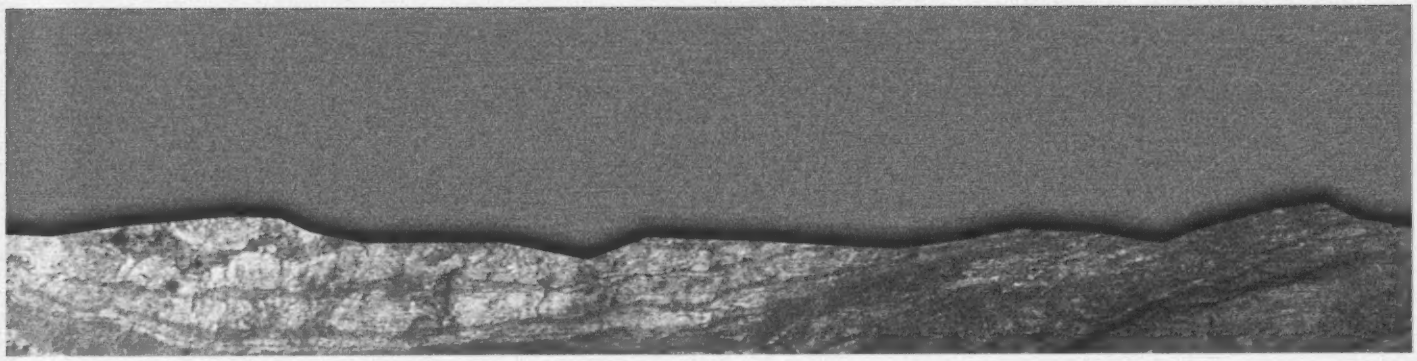
PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 1	**Action 1-7** **Uranium Policy** The Government of Nunavut will participate with NTI and INAC in an education and awareness-building project to animate discussion amongst Nunavut residents about issues related to the exploration and development of uranium. The GN will also conduct widespread consultations to hear the views of Nunavummiut and other stakeholders on these issues. The Government of Nunavut will then develop a uranium policy, which will take into account the views of all stakeholders.	• Consultations, Winter/Spring 2007 • Draft policy, Fall 2007 • Consultation on policy, Winter 2008 • Final policy to Cabinet, Spring 2008	• $100,000 for consultation over two years.	• Completion of consultations • Draft uranium policy available for consultation • Acceptance of policy by Cabinet and by NTI • *Unambiguous GN position on uranium of use both to investors and Nunavummiut related to uranium exploration and development*
	Action 1-8 **Taxation Review** The Government of Nunavut will complete the review of all territorial taxes that are applied to mineral exploration and mining.	• Review, Spring 2007	• Internal resources, already allocated.	• Review document outlining relevant taxes in Nunavut; comparison of these with taxes in other jurisdictions; analysis of the impacts of the tax regime on mining and mine-related business, and presentation of alternative tax regimes • *Mining exploration and development expenditures continue to grow in Nunavut* • *Nunavut's ranking in industry surveys*



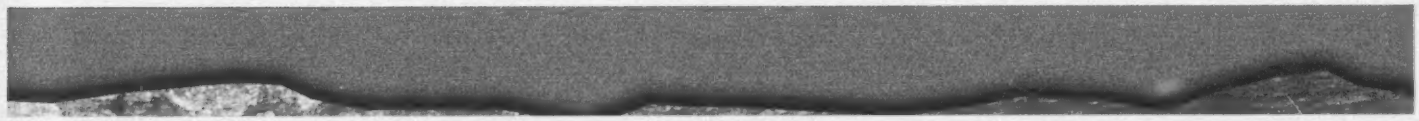
PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 2 Community Benefits	**Action 2-1 Community Consultation Guidelines** The GN will develop Community Consultation Guidelines to promote and facilitate dialogue and understanding between communities, Inuit organizations, government and the minerals industry.	• Issue RFP, Spring 2007 • Receive final guidelines document, Winter 2007 • Review and produce guidelines, Spring 2007 • Release guidelines to the public, Winter 2008	• $100,000 Contract over two years.	• Completion of consultation guidelines • *Positive feedback from stakeholders on the usefulness and effectiveness of the document* • *High level and quality of participation in public consultations and hearings* • *Effective and efficient community consultation processes*
	Action 2-2 Awareness Building The GN will continue to conduct general consultations in communities to raise awareness and the level of knowledge of the environmental and socio-economic effects of mineral development.	• Compile materials for presentation to Deputy Ministers' Committee, March 2007 • Carry out community presentations, on-going	• Internal resources, already allocated.	• DMEEL materials prepared and presented • Reports of presentations to communities • *Improved awareness of mining issues in communities, as indicated by the level and quality of participation in public consultations and hearings* • *More effective and efficient community consultations by industry and IPGs, as indicated by the cost and duration of these processes*
	Action 2-3 Nunavut Mining Symposium The GN will support the Nunavut Mining Symposium as a forum for building investor confidence and improving relations between communities, Inuit organizations, the minerals industry, and government.	• Enter into partnership, November 2006	• $50,000 per year, ongoing.	• Formal partnership between GN and Nunavut Mining Symposium • *A more stable and effective Nunavut Mining Symposium that builds investor confidence and community understanding*



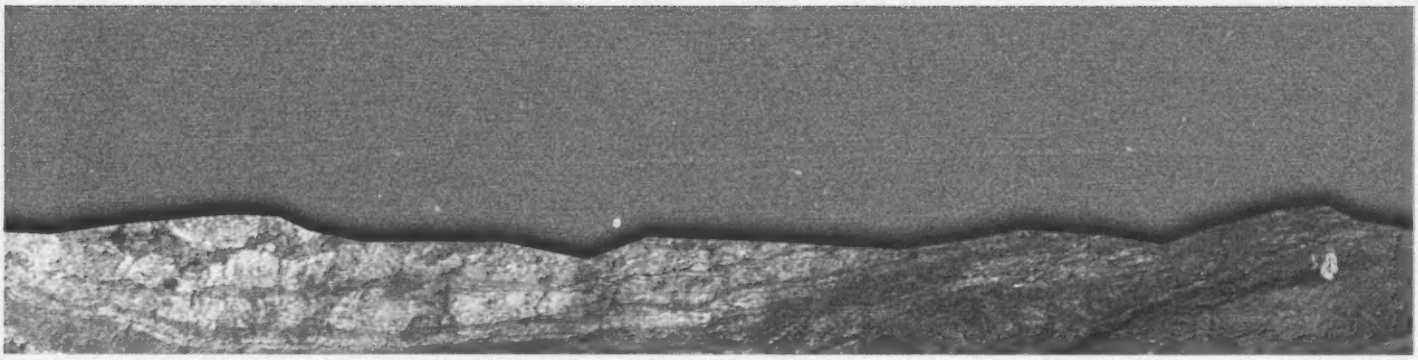
PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 2	**Action 2-4** **Earth Science and Mining in Public Schools** The GN will continue to develop public school curriculum and resources, and deliver teacher workshops in earth sciences and mining within the context of Inuit Qaujimajatuqangit.	• Hiring of Grade 7-9 curriculum writer for geology modules, Fall, 2006 • Pilot of Grade 7-9 geology modules. Fall, 2007 • Implementation of Grade 7-9 geology modules, Fall, 2008	• Internal resources, already allocated.	• New curriculum available and being used by schools • Level of satisfaction related to curriculum amongst teachers and students • Earth sciences-related teacher resources developed • Earth sciences and mining workshops delivered for teachers • *Improved understanding amongst students and graduates of earth science concepts, and of career and livelihood options available to them in geology and mining* • *Number of students moving on to trades and academic earth sciences programs* • *Closer ties between interested stakeholders who can support—through funding and in-kind contributions—Nunavut-wide science camps with a strong mining component that supplements the classroom courses*
	Action 2-5 **Mine Training Initiative** The GN will implement the Nunavut Mine Training Initiative to facilitate and coordinate training opportunities between industry, government, Inuit organizations, training organizations and funding agencies.	• Mine Training Coordinator, Fall 2006 • Nunavut Mine Training Committee established, Winter 2006/07 • Nunavut Mine Training Fund established, April 2007	• $75,000 for Mine Training Coordinator in FY 06/07, then $150,000 per year. • $200,000 for Nunavut Mine Training Fund: per year, starting in FY 2007/08, ongoing.	• Human Resource Strategies generated for each new and functioning mining operation in Nunavut • A Pilot Project, based on a formal Agreement, underway for the placement of Nunavummiut at a mining operation • EDT will have established a liaison, through Community Economic Development Organisations (CEDOs), with local businesses in communities impacted by mining opportunities to identify and support potential providers of goods and services to the mining and related operations



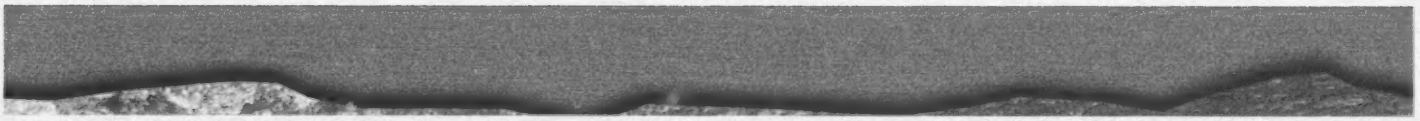
PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 2				• Human Resources Strategies in operation with all active mining industry companies throughout Nunavut • Increased numbers of Nunavummiut taking and successfully passing pre-trades and other training programs • Number of participants in, and graduates from, post secondary education and skills training related to the mining sector • *Number of Inuit-owned and Nunavut small businesses providing goods and services to the mining sector* • *Nunavummiut and Inuit progressively filling increasingly higher levels of skilled positions and are forming the "core" of Nunavut's mining workforce*
	Action 2-6 **Mineral Exploration Field Assistant Course** The Nunavut Arctic College, in conjunction with EDT, Education, and Kivalliq Partners in Development, has delivered a pilot of the Mineral Exploration Field Assistant's Course through Arctic College. This course will continue to be delivered on a "demand" basis in targeted communities, to help meet the growing minerals industry labour force demands and maximize employment opportunities for Nunavummiut.	• The course is on NACs calendar of courses, and is ready for delivery in 2007	• Third party funding is arranged by Nunavut Arctic College with Education and the applicable regional Inuit training organisation (CEDO).	• Number of courses delivered • Number of students enrolled • Number of enrolled students who successfully complete the course • *Increased Nunavummiut participation in the exploration industry* • *Increased opportunities for advancement for those already participating* • *Increased community awareness of the minerals industry* • *Increased interest in education*



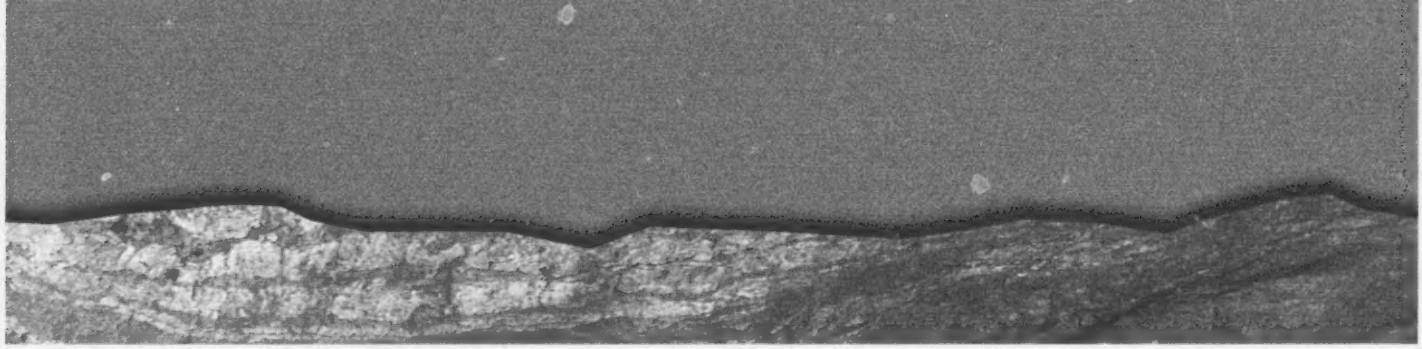
PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 2	**Action 2-7 Nunavut Prospector Development Program** The GN will continue to deliver the Nunavut Prospector Development Program, through the Introductory Prospector Course and Nunavut Prospector Assistance Program, which supports individual prospectors in discovering & developing new mineral occurrences.	• Nunavut Prospector Development Program will continue until 2010	• Internal resources, already allocated.	• Continued interest in the Introductory Prospectors course • Continued full subscription in the Prospectors Assistance Program • *Increased involvement of Nunavummiut in grass roots prospecting* • *Prospect discoveries by Nunavummiut and optioning to exploration companies* • *Increased employment of Nunavut Prospector Development Program participants in the exploration industry*
	Action 2-8 Community Economic Development Plans The GN will work with communities to update their Community Economic Development Plans to accommodate and maximize opportunities from major development.	• Ongoing, depending on development activity: Target is to initiate CED plan modification within three months of a NIRB response to a proponent's Project Description	• Internal staff resources and contribution funds already in place.	• Number of revised Community Economic Development (CED) plans with modifications specific to emerging mining opportunities • Plans include measurable outcomes to be achieved • *Activities implemented at the community level to address the opportunities and challenges presented by emerging projects* • *Achievement of the measurable outcomes identified in the CED plans* • *Improved partnerships between government, industry, and hamlets*



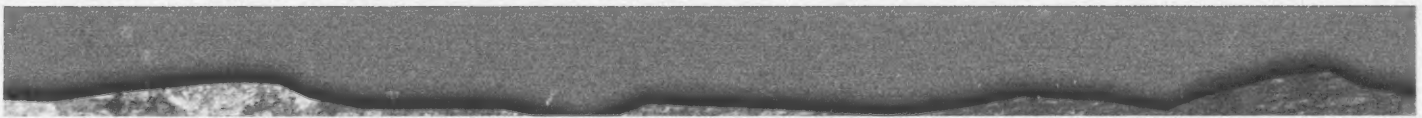
PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 2	**Action 2-9 Socio-economic Monitoring** The GN will assist in providing information to facilitate socio-economic monitoring related to mineral development.	• Initiate GN socio-economic data coordination during FY 2006/07, then on going	• $150,000 for PY required from FY 07/08 onward for inter-departmental data consolidation.	• Identified set of indicators and data sources • Data available in a useable format • *Improved understanding of socio-economic baseline conditions during environmental impact assessment processes* • *Improved efficiency of socio-economic data collection* • *Improved comparability between projects with respect to socio-economic interactions since the same data will be used*
Pillar 3 Infrastructure Development	**Action 3-1 Geoscience Funding** The GN will commit to long term funding for the Canada-Nunavut Geoscience Office beyond the current 2008 agreement, and will continue to work with the federal government for increased federal government funding.	• New agreement in place, April, 2007	• Internal staff resources, in place. • Contribution funding in place for three years	• Completion of a new geoscience agreement • *Stable funding for geoscience in Nunavut* • *Increase in exploration activity in areas targeted for geoscience research*



PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 3	**Action 3-2** **Public Access to Geospatial Data** The GN will develop partnership with INAC, NTI, NPC, C-NGO and other relevant agencies to digitize GN and other Nunavut data to make all public information relating to Nunavut free and accessible through the Internet. This data will then be available for Nunavut interested investors, worldwide.	• Hire a GIS technician and develop partnership, Winter 2006/07 • Develop protocols for what materials will be digitized, Summer 2007/08 • Begin scanning, FY 07/08	• $35,000 in FY 06/07, then $150,000 per year to hire a GIS technician.	• Partnership established with INAC, NTI, and NPC • Protocols and platform agreed on and project initiated • GIS Technician hired • Free and accessible public access to all public geospatial data and related information • *Increased access to Nunavut geospatial data as indicated by number of hits on website platform*
Pillar 4 **Environmental Stewardship**	**Action 4-1** **Government – Industry Research Partnerships** The GN will consider changes to existing taxation regimes as a means to create financial incentives for research, partnership development or other related initiatives.	• Tax system review, Spring 2007	• Internal staff resources, already allocated.	• The number and magnitude of environmental research partnerships undertaken between mining companies and the GN • Value of environmental tax incentives utilised by industry • *A greater body of knowledge is created with respect to the understanding of mining and environmental impacts in the North* • *Mining companies in Nunavut become leaders in environmental "best practices"*



PILLAR	ACTION	TIMELINE	RESOURCES	SUCCESS INDICATORS (output indicators and, in italics, outcomes)
Pillar 4	**Action 4-2** **Guide to Good Environmental Practices** The GN will work in partnership with the federal government, IPGs and Inuit organizations towards the preparation of a guide to good environmental practices for mineral exploration, mining, and reclamation in Nunavut.	• Establish internal working group, Winter 2007 • Issue RFP, Winter 2007 • Award contract, Spring 2007 • Release final guide, Winter 2009	• Internal staff resources, already allocated. • $60,000 contract.	• Completion of a Good Environmental Practices Guide. • *Improved environmental protection as indicated by: reduced number of wildlife encounters at exploration and mining projects; reduction in spills; improved inspectors' reports; improved annual and monthly reports*
	Action 4-3 **Audit of Inspection, Monitoring and Regulatory Enforcement** The GN will work with INAC, WCB, DFO, NRCan, HC and the RIAs to conduct a thorough audit of inspection, monitoring and enforcement related to mineral exploration and mining.	• Award Contract, Winter 2006 • Final report, FY end 2006/07	• $30,000 contract.	• Completion of permitting and regulatory review report • *Improved inspection, monitoring and enforcement systems* • *Increased awareness among government departments, Non-government Organizations (NGOs), and ultimately the public, of the need and role of inspection and monitoring in ensuring the sustainable development of the territory's natural resources* • *Improved ability on the part of the GN to understand inspection and monitoring issues that will fall to the GN upon devolution*



Appendix B
Policy Statements

Pillar 1:
Jurisdictional Framework

Policy 1-1
One-window Entry Point
The Government of Nunavut supports the establishment of the Nunavut Planning Commission as a one-window entry point into the permitting process for mineral exploration and mining in Nunavut.

Policy Statement 1-2
Land Access Restrictions
The Government of Nunavut will require a review and assessment to determine whether a proposed land access restriction is warranted. The GN will endeavour to ensure the goals of the proposed land access restriction are achieved while minimizing the impact on undiscovered mineral resources. The review and assessment will take into account GN goals, legislation, policies and programs relating to conservation, land-use planning, wildlife management and parks. This review and impact assessment will be required before a land access restriction is created.

Pillar 2:
Community Benefits

Policy 2-1
Community Consultation
The GN will consult with communities, Nunavut Tunngavik Incorporated, and the appropriate Regional Inuit Association where land management and resource development activities may have impacts. The GN will ensure that community concerns are considered in the assessment of mineral development projects.

Policy 2-2
Industry Consultations with Communities
The GN encourages mineral exploration and mining companies to carry out appropriate, project-specific consultations with affected communities before fieldwork begins and regularly throughout the project duration.

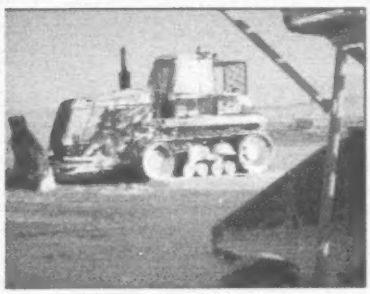
Policy 2-3
Tenure and Tax Credit for Consultation
The GN endorses changes to the Mineral Tenure Assessment Credit and Canadian Exploration Expense deduction under the Investment Tax Credit for Exploration to recognize community consultation as a legitimate exploration expense.

Policy 2-4
Value-added Industries
The GN will assess and encourage the development of economically viable, value-added industries that may flow from mining operations.

Pillar 3: Infrastructure

Policy 3-1
Hub Communities
The GN expects companies involved in mineral exploration and mining to use a Nunavut community as a logistical centre for their operations.

Policy 3-2
Sustainable Infrastructure
Where possible the Government of Nunavut will leverage the investment of private infrastructure being constructed to support mineral develop, to build infrastructure that will have permanent benefits for Nunavut.



Policy 3-3
Energy Infrastructure
The Government of Nunavut encourages companies advancing mining developments in Nunavut to begin at an early stage to address energy risks and options with both Qulliq Energy Corporation (electrical generation) and the Petroleum Products Division (fossil fuel use and storage) in order to develop good projections of need and to anticipate potential areas of common investment and infrastructure advantage.

Policy 3-4
Development Partnership Agreements
The Government of Nunavut encourages companies proposing mining developments in Nunavut to negotiate a Development Partnership Agreement with the GN, and anticipates that all developers, whether or not such an agreement has been developed, will demonstrate a clear understanding of community opportunities and a thorough review of partnership options as part of their impact reviews.

Policy 3-5
Alternate Uses of Closed Mines
The GN will continue to require that all mine sites be fully rehabilitated after the mine is closed. Alternate uses will only be considered once liability issues have been addressed, and a sound business case outlining the alternate use, obligations, and impacts is completed with an associated socio-economic impact.

Policy 3-6
Comprehensive and Accessible Information Database
The GN recognizes the need for improvement of the territory's databases of public information (including geoscience and geomatics) for mineral industry use, and for the data to have easy public accessibility.

Pillar 4: Environmental Stewardship

Policy 4-1
Research
The GN recognizes the importance of continuing research into all aspects of Nunavut's natural environment to help ensure that future decisions are based on the best possible information. This includes the documenting, where appropriate, of Inuit Qaujimajatuqangit through baseline studies of traditional uses for land.

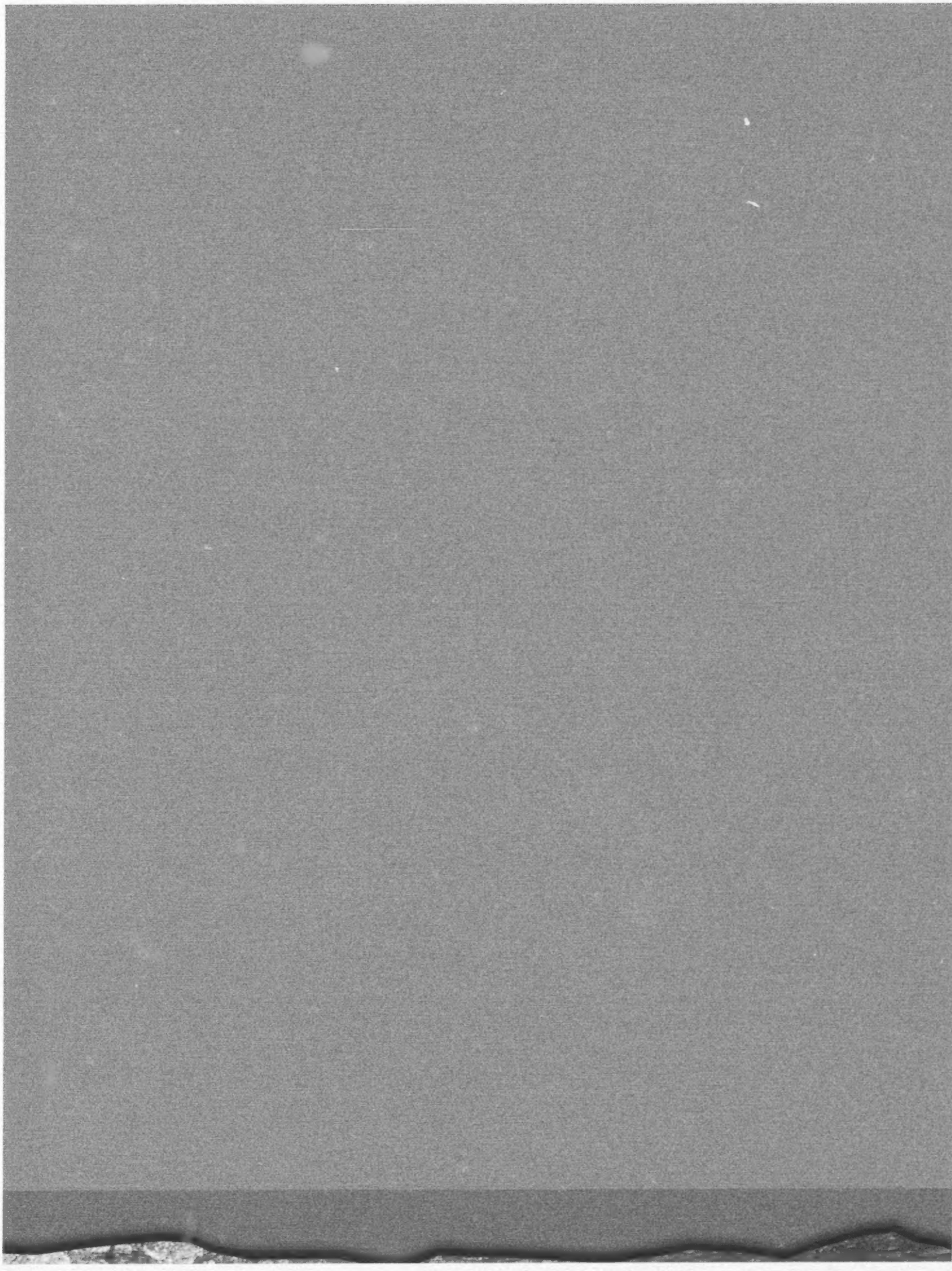
Policy 4-2
Tenure and Tax Credit for Environmental Baseline Data Collection
The GN endorses changes to the Mineral Tenure Assessment Credit and Canadian Exploration Expense deduction under the Investment Tax Credit for Exploration, which will recognize environmental baseline data collection as a legitimate exploration expense.

Policy 4-3
Environmental Research and Partnerships
The GN will encourage industry, where appropriate and practicable, to undertake on-site environmental research as a part of their project and to participate in partnerships on wider regional and cumulative impact research relevant to their project.

Policy 4-4
Environmental Sustainability
In the cases where the proponent is unable to show that environmental impacts of a mining project can be managed or mitigated, the GN will not permit mineral development.

Policy 4-5
Temporary Use of the Land
The approval of mineral projects in Nunavut will be based on the premise of sustainability by providing for the future use of the land or water after the cessation of exploration or mining. The GN requires that proponents use good environmental and engineering practices that are appropriate to arctic conditions.

Policy 4-6
Security Bonding
After devolution, the GN will require that sufficient security be posted so that the impact of an exploration or mining development can be fully reclaimed by a party other than the proponent at any stage of the development.



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Nunavut